Austria	Sch24	Indonesia	Rp3100	Philippines	Pes40
Bahrain	Din0.700	Iran	Rls210	Portugal	Es150
Belgium	BFr55	Israel	Shk3.50	Qatar	QR9.50
Cyprus	C£0.80	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.50	Jordan	Fils1000	Singapore	S$4.10
Egypt	£E3.25	Kuwait	Fils500	Spain	Pta165
Finland	FM8.50	Lebanon	L£400.00	Sweden	SKr12
France	FFr7.00	Lux	LFr55	Switz	SFr2.50
Germany	DM2.50	Malaysia	Rm4.25	Thailand	Bht50
Greece	Dr150	Morocco	Dh8.00	Tunisia	Din0.800
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft107	Nigeria	Naira10	UAE	Dh7.50
Iceland	IKr150	Norway	NKr12.00		
India	Rs15	Oman	OR1		

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CAMBODIA

The way towards a settlement

Page 19

World News

Mandela to head ANC mission to meet de Klerk

Nelson Mandela has been chosen to lead a delegation of the African National Congress to meet F. W. de Klerk, the South African President, who said he welcomed an invitation that the two sides should meet.

The ANC announcement that Mandela will lead the delegation suggests, for the first time, that there is sufficient support in the ANC's national executive committee to give the released leader the top position in the organisation. Page 20

Poll confidence

Elliot Richardson, the former US Attorney-General who is serving as the chief UN observer of the Nicaraguan presidential election, said he was confident there could be a free and fair ballot on Sunday. Page 20

Moscow call for calm

The Soviet Communist Party appealed for calm and national unity as fears grew of a violent confrontation between popular demonstrators and the security forces this weekend. Page 2

Chemical ban hope

An international ban on chemical weapons is within reach, according to Carl-Magnus Hyltenius, who has just become chairman of the negotiations in the 40-nation UN disarmament conference. Page 3

Iranian protests

Anti-Government protests have broken out in a number of Iranian cities including the capital, Tehran, over the past week, an Iranian opposition group claimed. Page 8

Japan trip in doubt

Soviet Foreign Minister Eduard Shevardnadze, scheduled to visit Japan in March to prepare for a long-awaited Soviet-Japan summit, is likely to postpone his trip, reflecting continuing difficulties in relations between Moscow and Tokyo over the disputed Kuril Islands.

Romanian AIDS help

The French humanitarian group Medecins du Monde said it would ship 20m needles and syringes to Romania, where an AIDS epidemic among children is blamed on sloppy medical practices.

Reagan testifies

Former President Ronald Reagan denied under oath that he knew that his top White House adviser was secretly assisting the Nicaraguan Contra rebels in defiance of a Congressional ban. Page 7

Swedish government

Sweden's acting Prime Minister Ingvar Carlsson appeared ready to form a new Social Democratic government with Communist Party support.

Beirut shelled

Shells landed on East Beirut wounding six people moments after Lebanese Forces militia leader *Samir Geagea* said his war with General Michel Aoun was over and his rival warned of renewed fighting. Page 8

Israeli troops act

Israeli troops confined some 250,000 West Bank Arabs to their towns and villages to counter a call for violent unrest on the 21st anniversary of the founding of a radical Palestinian group.

US troops out

US Defence Secretary Dick Cheney told Japanese officials that the Pentagon planned to withdraw some of the 50,000 US troops in Japan by 1994.

Pilot loses way

The pilot of a British Royal Navy helicopter taking part in a military exercise in northern Norway got lost in the dark when his instrument panel failed, and dropped in on two Norwegian families to ask directions.

Business Summary

World Bank to lend east Europe $5bn to restructure

World Bank intends to lend $5bn to eastern Europe over the next three years, Mr Barber Conable, its president, announced.

"Our lending in eastern Europe will focus on restructuring all facets of the economy and market-orientated change," he said, calling for a new system which vested economic decision-making in the individual and in private enterprise. Page 20

MARKETS: Nikkei moved wildly up and down before finishing with a moderate gain of 92.51 at 35,826.84. Wall Street's calm reaction to Wednesday's sharp loss in Tokyo came as a relief. Stockholm Stock Exchange has fallen by 8.3 per cent since the beginning of the year. Trading was quiet in Johannesburg, as the leading market indices closed marginally lower. Back page, Section II.

MIDLAND Bank's mistaken judgment about the course of UK interest rates last year cost it over £116m ($197m), and was a significant factor its £261m loss. Page 21, Lex, Page 20

GEC Alsthom, formed in a merger of Alsthom of France with the power systems division of the UK's GEC, will have to rationalise some of its network of manufacturing plants, the group said. Page 21

ICI announced a rise of 4 per cent in 1989 pre-tax profits, underlining the downturn starting to affect sections of the world chemicals industry. Page 21, Lex, Page 20

HIGH Court partly overturned a ruling in the Hammersmith and Fulham swaps case when it said local authorities can lawfully enter into swap transactions to manage their interest rate risk. An appeal was brought by five banks. Page 20

EMISSIONS: Californian subsidiary of UK systems group, SD-Scicon, won contracts worth more than $100m from the Florida government to set up and operate a network of vehicle exhaust emissions and safety testing facilities. Page 6

ALL EAST European countries, except Romania, have established links with the OECD to help modernise their economies, said Mr Jean-Claude Paye, OECD secretary-general. Page 4

TRUCK sales (above 3.5 tonnes) in western Europe rose by 6.9 per cent to a record 324,000 last year, according to Automotive Industry Data, UK-based analyst. Page 3

SAGA Petroleum, Norway's largest independent oil company, announced record 1989 pre-tax profits of NKr911m ($141.5m) against NKr152m a year earlier. Page 22

MEXICO'S businessmen are concerned that they may be unable to sustain export growth unless the peso falls against the dollar. Page 7

GILTS market losses are expected to wipe more than £40m ($68m) off the 1989 profits of Halifax, UK's largest building society with assets of over £40bn. Page 10

SONY, Japanese electronics group, lifted worldwide net profits 41.9 per cent in its third quarter to December to reach Y41.86bn ($288.1m). Page 23

TEXAS AIR, parent company of the bankrupt Eastern Air Lines, has put its highly-prized System One computer reservation system into a joint venture with Electronic Data Systems, General Motors office automation subsidiary. Page 23

BURMA's military government has set up the first public holding company with an authorised capital of kyats 10bn ($1.5bn) to be subscribed wholly by the armed forces. Page 8

Minister challenges Bank of Japan on interest rate policy

By Stefan Wagstyl in Tokyo

THE BANK of Japan was accused yesterday by a senior Japanese Ministry of Finance official of following policies "which might lead to instability in the markets."

The unusual public row erupted a day after the Nikkei stock market index suffered its biggest fall since the October 1987 crash and two days after a plunge in Japanese bonds.

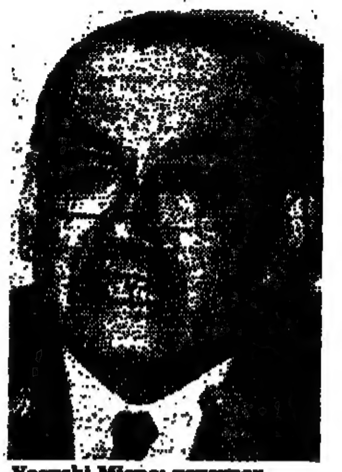
Mr Makoto Utsumi, Vice-Minister of Finance for International Affairs, attacked the central bank's policy of driving up Japanese interest rates to curb inflation – a policy which has contributed to undermining confidence in the Tokyo financial markets.

The central bank has argued that even though general prices increases in Japan have been modest, the rise in asset prices, particularly those of land, have been unacceptably high.

Mr Utsumi, who is known for speaking his mind, said: "Needless to say, price stability is a prerequisite for economic growth.

"But I am a little bit concerned that there are those who treat so-called 'asset inflation,' that is to say, the rise in land and stock prices, as an important part of the inflation. Asset inflation is, by nature, different from inflation in the proper sense of the word.

"Confusion in the diagnosis of the illness would cause confusion in choosing the right remedy," said Mr Utsumi. Such "misleading discussion might create some kind of ambiguity" about policy and "would eventually lead to instability in the markets."



Yasushi Mieno: governor of the central bank

"I think that we should avoid any kind of ambiguity concerning the course of our fiscal and monetary policies which might lead to market instability."

Mr Utsumi's remarks, at a Tokyo conference, were aimed at Mr Yasushi Mieno, central bank governor, who has committed himself to trying to control prices, particularly land prices, by raising interest rates.

Tensions between the ministry and the central bank have been rising since the autumn when Mr Mieno succeeded the mild-mannered Mr Satoshi Sumita, a former finance ministry official who was moved into a top post at the bank.

Mr Mieno, a career Bank of Japan man, was expected to be more independent-minded. However, no one expected the public rows which have followed.

Just before Christmas, Mr Mieno started signalling that he wanted to raise the official discount rate after two previous increases last year had failed to slow money supply growth sufficiently.

He was challenged by Mr Ryutaro Hashimoto, Finance Minister, who said an early increase was not necessary.

Instead of backing down, as Mr Sumita might have done, Mr Mieno went public – with an newspaper interview – and the rate was raised.

Central bank officials have in the past two weeks started hinting that another increase might be necessary.

The ministry believes the central bank underestimated the impact the signals would have on the jittery Tokyo markets and tried to rescue the bond market by buying bonds for the first time in nearly three years.

Markets, Section II

Bureaucrat with zest for battle

MR Makoto Utsumi is no stranger to controversy, writes Stefan Wagstyl in Tokyo. He is known in Japan for the range of his ideas and the energy with which he promotes them.

Officials at the Ministry of Finance, Japanese bankers and brokers have all felt the force of his tongue. So has Mr Jacques Delors, the European Commission President, whom Mr Utsumi once accused of having "misguided" the financial markets.

Mr Utsumi, who succeeded Mr Toyoo Gyohten as Vice Minister for International Affairs, is not afraid of fighting on several fronts at once.

Yesterday he was attacking the Bank of Japan over monetary policy. But he is equally tough on foreign exchange dealers who engage in what ministry officials call "speculative" transactions.

He is also leading the long-running campaign to secure Japan's promotion at the International Monetary Fund from its current position of number five to number two.

First it was the UK, the present number two, which objected to the change; now it is third-placed France. It is an open secret in Tokyo that Mr Utsumi is furious over the delays and has threatened to resign.

Nevertheless, Mr Utsumi also knows when to hold his peace. He was a chief architect of the Miyazawa plan, a Third World debt proposal put forward by Japan in 1987 which ran into US opposition.

Later, when the US bor-

Continued on Page 20

Makoto Utsumi: attacked central bank's policy

Greenspan sees no sign of trend to accelerating inflation

By Anthony Harris in Washington

MR Alan Greenspan, chairman of the Federal Reserve, said yesterday that he was not concerned at the sharp rise in the US consumer price index announced on Wednesday.

He also spelled out the Fed's opposition to a Congressional proposal to force it to announce policy changes in "real time," explaining that unannounced changes allowed more flexible open market operations.

The January CPI figure of 1.1 per cent - the biggest price rise since June 1982 - was expected, he told questioners at the monetary policy hearings of the Senate Banking Committee. He saw no evidence of growing inflation psychology, but some possible evidence that the trend might be the other way.

He rejected compliments from one Senator who congratulated him on achieving a "soft landing" for the US economy. "There is still work to be done," said the Chairman.

Mr Greenspan's evidence on the economy was largely identical to the report he gave to the House on Tuesday. But he took the opportunity during his second appearance on Capitol Hill to give a full explanation for the Fed's preference of changing its open market intervention policy without making a formal announcement at the time. The Committee had formally requested his views.

He said that policy changes were, in effect, "announced" through the market operations which gave them effect, and so conveyed to the public at large. "In practice there is little lag between discrete change in operating policy and widespread recognition of that change," he said.

Mr Greenspan admitted that market actions could on occasion be misinterpreted - there was a celebrated example last autumn, when a move to ease a bank reserve squeeze was interpreted as a policy easing. The Fed had to act aggressively at the time to reverse that impression.

Fuller disclosure would, therefore, "have appeal." More information was preferable to less.

"Premature" announcements would also mean the Fed would lose one weapon: the power to score a psychological strike on the market by making a formal announcement.

EC opens state buying to cross border bidding

By Lucy Kellaway in Brussels

THE European Community's $730bn market for public purchasing will be thrown open to cross-border competition following yesterday's surprise agreement by EC industry ministers in Brussels.

Member states agreed that in four important sectors – energy, transport, water and telecoms – purchasers will have to treat Community suppliers on a competitive basis, removing one of the biggest obstacles on the way to the single European market.

The four areas, which amount for more than half of total public capital projects in the Community, have traditonally been excluded from EC procurement rules. The directive implies a radical shift in behavior of member states which currently grant almost all work to national suppliers, and is expected to result in large annual savings of up to Ecu20bn ($24.5bn) – or 0.5 per cent of Community gross national product – on some estimates.

At present, in Italy, for example, only 1 per cent of public contracts are won by foreigners, whereas in the comparatively open UK market, the figure thought to be is about 5 per cent.

Although the agreement does not cover all sectors, it seems bound to be seen as provocative by the 96-nation General Agreement on Tariffs and Trade (Gatt). The Geneva-based organisation is discussing global trade liberalisation – included in which is amendment to the Gatt's Public Procurement Code – as part of the current Uruguay Round negotiations, scheduled to end next December. The Gatt is unlikely to look with favour on such an exclusive move by one of its three main trading body members.

The US Government has already sent messages of protest to EC capitals about the directive, saying the decision made the situation in public procurement more protectionist.

A mildly protectionist Buy-Europe clause is included in the EC directive. This clause will allow buyers to ignore non-community bidders so long as their bids are less than 3 per cent cheaper than the best EC tender.

This was the most contentious part of the measure, on which disagreement between member states held up the whole directive for several months. The agreed version makes clear that the clause would be removed if the Gatt talks succeeded in lifting such preferences worldwide.

Mr Des O'Malley, Irish Industry Minister who chaired yesterday's meeting, said that there was "no question of sending a Fortress Europe signal to traders across the world." He said ministers were committed to "a general and reciprocal opening of trade in these sectors" and they would be pushing for such an agreement within the Gatt Uruguay Round.

The outcome is a compromise between the strong protectionist demands by France, which wanted a much higher Community preference, and the more liberal view of West Germany, the Netherlands and the UK which wanted the issue left open in order to send the right signal to Gatt.

A special exemption from the EC directive concerns oil, gas and coal exploration – a victory for the UK which had argued that the North Sea supplies industry should be excluded on the grounds that it was already competitive. The UK, however, must be able to satisfy the Commission that the granting of exploration licences is not being used to exert pressure on oil companies to buy British and that the purchasing of equipment is carried out fairly.

Large purchases of energy have also been set aside pending the outcome of talks on the overall EC single market. The Commission will return to the subject once these matters have taken shape in 1995.

Other concessions have been made for the poorer parts of the Community with Spain, Portugal and Greece being given extra time to introduce the rules.

The directive will be followed by measures to open up public procurement in services, and a further directive to make sure that the measures are being complied with.

A landmark in the development of European Community food law was passed yesterday when EC internal market ministers formally reached a "common position" on rules governing the nutritional information on food labels. The directive, reached after a complex compromise, cannot be finally adopted until the European Parliament has given its "second reading". Page 2

Labour Party threatens Shamir coalition over PLO peace talks

By Eric Silver in Jerusalem

LABOUR Party leaders yesterday warned Mr Yitzhak Shamir, Israel's right-wing Prime Minister, that they would break up the national-unity coalition if the Government did not accept the latest proposals for peace negotiations with the Palestinians by March 7.

The ultimatum is supported by both Mr Shimon Peres, the party leader, who has already canvassed potential allies among the religious and centre-left parties, and Mr Yitzhak Rabin, the Defence Minister, who had earlier resisted suggestions that Labour should try to form a narrow coalition.

It comes at a time when Mr Shamir is struggling to hold his Likud party together and reassert his authority after the resignation of Mr Ariel Sharon, the former Industry and Trade Minister, who has launched a crusade against the Israeli peace initiative.

Mr Rabin's defection is crucial. He is the only minister of either party to enjoy broad national confidence.

Mr Shamir had assumed that so long as the *Defence Minister* supported the national-unity coalition, it would survive. It is now Mr Rabin who has taken a lead in threatening to bring it down.

Labour is ready to accept a procedural formula worked out in indirect contacts with the Palestine Liberation Organisation by way of Cairo and Washington.

This would break the stalemate by allowing Egypt to announce the composition of a Palestinian negotiating team - which would not be overtly PLO - by including two deported activists from the occupied territories (Mr Rabin says he had the power to expel them, and he would have the same power to let them back.) It would also allow two East Jerusalem Palestinians with second homes on the West Bank to take part in the talks.

Mr Shamir remains adamantly opposed to any East Jerusalem representation.

Likud has fears that this would be the beginning of the end of Israeli control of the city, which it annexed after the 1967 war. Jerusalem is at the centre of Mr Sharon's challenge.

The Prime Minister is trying to postpone the confrontation with Labour by instructing Mr Moshe Arens, the Likud Foreign Minister, not to reject any US proposals put forward in his meeting in Washington today with Mr James Baker, the Secretary of State.

Mr Rabin is worried that time is running out for the peace initiative.

Egypt, he argues, is coming under increasing pressure from an Arab world united in its hostility to the influx of Soviet Jewish immigrants to Israel. "I'm joining those setting a time limit," he said, "because the option which we have today may not be available in two months."

Mr Peres's appetite for breaking up the coalition with Likud has been signifi-

Continued on Page 20

CONTENTS

Armenian dead haunt Turkey's relations with Washington

Turkish-US relations are in jeopardy because of a resolution before Congress seeking a day of remembrance for Armenian dead. The resolution has key support from Senator Robert Dole (left). Page 3

MARKETS

STERLING
New York lunchtime:
$1.7120
London:
$1.7145 (1.715)
DM2.8625 (2.855)
FFr9.7000 (9.695)
SFr2.5265 (2.5275)
Y250.25 (249.25)
£ index 90.3 (90.2)

GOLD
New York: Comex Apr
$420.5
London:
$(420.0)

N SEA OIL (Argus)
Brent 15-day
$(19.475)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM 1.6725
FFr5.6655
SFr1.4755
Y146.3
London:
DM1.6700 (1.665)
FFr5.6575 (5.6525)
SFr1.4720 (1.4745)
Y145.90 (145.30)
$ index 66.8 (same)
Tokyo close: 145.23

US Lunchtime Rates
Fed Funds $8\frac{1}{4}$%
3-mo Treasury Bills:
yield: 7.994%
Long Bond:
$98\frac{11}{16}$
yield: 8.617%

STOCK INDICES
FT-SE 100:
2,269.2 (+9.5)
FT Ordinary:
1,789.8 (+6.0)
FT-A All-Share:
1,131.29 (+0.3)
New York lunchtime:
DJ Ind. Av.
2,614,64 (+31.08)
S&P Comp
330.18 (+2.6)
Tokyo: Nikkei
35,826.84 (+92.51)

LONDON MONEY
3-month Interbank:
closing $15\frac{3}{32}$% ($15\frac{1}{8}$)
Little long gilt future:
Mar $85\frac{7}{16}$ (same)

405

Planned demonstrations across country prompt fears of violence

Soviet party appeals for calm

By Quentin Peel in Moscow

THE SOVIET Communist Party yesterday issued an urgent appeal for calm and national unity as fears grew of a violent confrontation between popular demonstrators and the security forces this weekend.

The extraordinary statement by the ruling central committee denounced "demagogues and political agitators" whom it blamed for the rash of demonstrations which has swept the country in recent weeks, forcing the resignation of a string of top Communist Party officials in the provinces.

In tones which sounded very different from those which are used by President Mikhail Gorbachev and his leading ally in the politburo, Mr Alexander Yakovlev, the attack bracketed both campaigners for faster reform, and those stirring up ethnic unrest in the outlying republics.

"We must stop those who proclaim the slogans of perestroika, but are actually attacking perestroika, prodding the people towards civil confrontation," it said.

"These people use every available method for their own advancement: speculation on existing difficulties and omissions, direct instigation to violence, economic irresponsibility, civil disobedience, pressure on state and public institutions, stirring up base passions and instincts, lies and slander about the party, government, economic and law enforcement bodies, and our army."

The mention of every conceivable attack on Soviet power suggests an element of panic in party ranks at the upsurge in protest, and would appear to have been drafted by conservatives in the party secretariat.

However, it coincided with accusations from radicals pressing for faster reform that the authorities themselves are deliberately provoking confrontation at planned weekend rallies for democracy.

They fear that the Soviet authorities will use the excuse of likely disorders to declare a state of emergency in many areas before the March 4 elections in Russia, Ukraine and Belorussia. Traditional party bureaucrats are expected to lose heavily in the polls, although public apathy, and pre-selection of candidates, has limited the choice.

In one potentially explosive move, it was announced that the Communist Party is to expel Mr Telman Gdlyan and Mr Nikolai Ivanov, the two leading anti-corruption campaigners in the country. In spite of doubts about their own political integrity, the two are hugely popular on the streets, and their persecution seems certain to provoke a furious response from working people.

Attempts by local authorities in many towns to restrict or even forbid local rallies on Sunday, when supporters of the "democratic movement" have called for nationwide protests, are also seen as likely to provoke a hostile reaction.

In Moscow, the city council has given permission for a rally, whose organisers are hoping for 300,000 people – but not in the Manege Square, beside the Kremlin, where up to 150,000 gathered recently.

Instead, the demonstrators will march around the city's ring road to an open space in front of the Foreign Ministry, a place without any political significance.

At the same time the city council has sanctioned a second rally by a series of Russian nationalist and conservative groups, "to show the so-called democrats that they are not alone in the USSR," according to Professor Alexei Sergeyev, one of the organisers.

"The goal of the democrats is to restore capitalism in Russia," he said. "Our goal is to save Russia."

There was confusion from Leningrad, where democratic candidates in the March 4 elections are expected to deliver another big blow to Communist Party officials. Unofficial reports said that all rallies had been banned by the city executive committee, after the police chief said he was unable to promise adequate control.

Kirghiz leaders try to stem tide of rumour

By Mark Nicholson in Moscow

PARTY leaders in the Soviet Central Asian republic of Kirghizia are attempting to ban the spreading of rumours and slander in the run-up to Sunday's elections for the republic's parliament.

A party decree banning the spread of provocative or false information follows a spate of serious disturbances across the republic in the past few days.

The Interfax service of Radio Moscow said yesterday that thousands of Uzbeks broke through police cordons outside Tashkent, the capital, on Wednesday and set ablaze a string of collective farms run by Meskhetian Turks, who constitute a 50,000-strong minority in the republic.

As many as 100 Meskhetian Turks were killed in clashes with Uzbeks last June, and Tashkent authorities, worried by rising tension in the area, had already evacuated about 1,400 from the area under an emergency programme earlier this week.

Mr Mikhail Vasilienko, a member of the Uzbekistan politburo, said the ban on rumour was also a reaction to recent violence in Azerbaijan, Armenia and Tadzhikistan.

Riots last week in Dushanbe, the Tadzhik capital, were said to have been prompted by rumours that Armenian refugees from the January conflict in Azerbaijan had jumped the housing queue in the city of 600,000 people, where families often wait more than 10 years for accommodation.

The spread of similar rumours has been reported in several other Central Asian towns over the past week. In Tashkent, capital of Uzbekistan, where polling took place for the republic's parliament at the weekend, the Soviet news agency Tass has reported that a man had been arrested for distributing anti-Armenian and anti-Russian leaflets.

There were also contradictory reports of unrest in Samarkand over the weekend, though Interior Ministry officials have denied any trouble in the Uzbek city. However, Uzbek sources say extra troops had been flown into the city to prevent disturbances.

Carlsson to get backing for minority government

By Robert Taylor in Stockholm

SWEDEN'S two-week-long political crisis is expected to come to an end with the forming of a minority administration by the Social Democrats, with backing in Parliament from the Communists, and possibly the small Centre party.

Mr Ingvar Carlsson, the caretaker Prime Minister, met the Speaker of Parliament last night to say that he believed it would be possible to win a parliamentary majority for a renewed Social Democratic government and a new economic austerity package.

Parliament is expected to vote next Tuesday on whether to approve a new Carlsson government. Last night Communist party leader, Mr Lars Werner, said that his 21-strong group of MP's would support the return of Mr Carlsson.

Further backing is also expected today from the 42 Centre party MPs. The Social Democrats have only 156 seats in the 349-seat Parliament. They could govern, as they have done before, with the backing of the Communists alone. But Mr Carlsson is known to prefer more broad-based support. If the Centre party does vote for a Social Democratic government, it would strengthen his position considerably.

Details of the new austerity package were unclear, but it is believed that the Government will not try again to push through a wage freeze, the issue on which it was defeated last week.

But further tax increases and measures of restraint seem likely in an effort to cool down the economy.

World Stock Markets. page 43

Metal fatigue fears force recall of Franco-Italian airliner

By Paul Betts, Aerospace Correspondent, in Paris

THE Franco-Italian aircraft company, Avions de Transport Régional (ATR), has been forced to recall about 130 of its ATR-42 commuter planes because of fears of premature cracking in junctions connecting the wings to the fuselage.

The operation is expected to cost the joint venture partners, Aerospatiale of France and Italy's Aeritalia, \$50m (£29m).

The modification programme started six months ago and is likely to continue for another two years.

Aerospatiale, which designs and makes the wings, is building the reinforced versions which are sent to Aeritalia's Naples plant for fitting, as well as to the Dee Howard subsidiary in San Antonio, Texas.

ATR officials confirmed the modification costs and said these would extend the production break-even point on the ATR programme from about 450 aircraft to between 550-600.

ATR has received 415 firm orders so far and its options include 267 orders for the 50-seater ATR-42 and 128 orders for the larger ATR-72, which has not been affected by the ATR-42 wing problems.

Since first going into production about five years ago, the ATR programme has become one of the most successful in the highly competitive market for regional commuter aircraft.

Western Europe has been the biggest market for ATR planes, accounting for about 40 per cent of total orders, followed by the US and Canada, with 25 per cent, according to ATR officials.

Meanwhile, Aerospatiale and Aeritalia are now considering developing a new, bigger version of their commuter aircraft family, the ATR-82.

However, Aeritalia may opt for a new 100-seater aircraft instead of the ATR-82, in co-operation with European partners, including Aerospatiale and Casa of Spain.

E Germany proposes united army

THE East German Defence Minister, Admiral Theodor Hoffmann, has called for talks with Bonn to create a combined army for a united Germany, but said its fire-power must be strictly limited, Reuter reports from East Berlin.

He said yesterday that the new force, fusing two armies which for decades faced each other as enemies, might include a highly-mobile border militia and a small standing army of about 150,000 men.

"The fire and striking power of these troops, in peace time, should not exceed the demands of repelling attack from a neighbouring country," he told a news conference. "I assume there will be discussions with the West German Defence Minister on this issue."

Admiral Hoffmann said that contacts with Bonn should not begin until after East Germany's first free elections on March 18. He suggested that East and West Germany should stay in their respective alliances – Nato and the Warsaw Pact – for the moment. They would cast off their links as each group dissolved in a European security settlement.

"German unification should not be an obstacle to European security but a bridge," he said.

The West German Foreign Minister, Mr Hans-Dietrich Genscher, has proposed that a united Germany should be part of Nato, but that no alliance troops should operate in what is now East Germany.

Admiral Hoffmann rejected any idea of a united Germany staying in Nato. His proposal came close to the Kremlin's plan for a neutral Germany.

● Britain has agreed to scale back two of its autumn series of military exercises in West Germany in response to growing complaints from local populations and politicians, David White, Defence Correspondent, writes.

Restrictions on manoeuvres are a factor in discussions going on in the UK on the future of the 70,000-strong British forces in West Germany.

EC agrees on food nutrition labelling

By Tim Dickson in Brussels

ANOTHER LANDMARK in the development of European Community food law was passed yesterday when EC internal market ministers formally reached a "common position" on rules governing the nutritional information on food labels. The directive cannot be finally adopted until the European Parliament has given its "second reading".

The measure, which will not come fully into effect for six years, was only agreed after a complex compromise between member states which establishes two key groups of nutrients with four items apiece.

Food manufacturers are not obliged under the terms of the directive to provide information except where they make a claim about nutrition. But where they either decide to or are required to they must at the very minimum declare the energy value of the food and the amounts of protein, carbohydrate and fat it contains.

Where a claim is made for sugars, saturates, dietary fibre or sodium, the labelling has to contain information on all four of these substances as well as the first four.

The directive sets out the means of calculating the energy value and the manner in which it and the proportions of nutrients or their components should be expressed.

A spokesman for BEUC, the Brussels-based consumer lobby, said yesterday he was disappointed that the rules were not compulsory and that the delays in implementation were so long. He claimed that the compromise would "confuse" consumers.

● European industry ministers yesterday adopted new rules on consumer credit allowing consumers to make direct comparisons between loans offered in different member countries, writes Lucy Kellaway. Even though under an existing directive all extenders of credit have to display their prices clearly, competition is being distorted by different measures used to calculate the rate of interest.

● Industry ministers yesterday discussed special measures that would smooth out European accounting rules for small and medium-sized countries, adds Lucy Kellaway.

The Irish presidency is anxious to see the present scope of directives extended to cover partnerships and unlimited companies, plugging a loophole by which many have failed to comply with the rules.

At the same time it wants to make the two existing measures - the Fourth Directive which covers basic accounting and the Seventh Directive which covers consolidated accounts - less onerous for small companies.

Mr Des O Malley, the Irish Industry Minister, said yesterday the proposals were broadly welcomed by a majority of member states, but would go back to the experts for further refining.

Action to limit human exposure to radon, a radioactive gas found naturally in the soil which enters buildings through floors and foundations, has been initiated in Brussels, writes Tim Dickson.

The Commission yesterday set out maximum recommended radon levels. Research suggests there is no serious cause for alarm. Average concentrations inside buildings range from 20 to 50 becquerels per cubic metre, corresponding to relatively small radiation doses of 1-2.5 millisieverts a year.

In some parts of the Community, however, pockets of population are receiving doses above 20 msv per year - the new limit per individual which the Commission is recommending for existing buildings. Maximum dose per individual in new buildings is to be set at 10 msv per year.

Arms talks bring ban on chemical weapons nearer

By William Dullforce in Geneva

AN INTERNATIONAL ban on chemical weapons is within reach, according to Mr Carl-Magnus Hyltenius, who has just become chairman of the negotiations in the 40-nation UN disarmament conference.

Agreement could be reached within a year if governments were ready to make the hard political choices necessary for a convention that could attract universal adherence, Mr Hyltenius said, as the chemical weapons talks resumed here. Work already done on the text of an agreement banning the production, stockpiling and use of chemical weapons provided a "sound and sufficient basis" for such choices.

He said that progress had followed the understanding between Mr James Baker, the US Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Moscow earlier this month. The US and the Soviet Union agreed to destroy the bulk of their existing chemical weapons, reducing stocks to "equal low levels."

This understanding closely mirrored US President George Bush's proposal that both sides immediately destroy 80 per cent of their stocks and cut them further to 1 or 2 per cent after completion of the international convention in Geneva.

Only the US and the Soviet Union have so far admitted that they hold chemical weapons, although some 20 other countries are estimated to possess the capability of making them, and poison gas was used in the Iran-Iraq war.

Ensuring universal adherence to a ban was one of the outstanding issues still to be settled in Geneva, Mr Hyltenius said. This called for agreement on the total elimination of existing stocks; instituting methods for assisting those countries which might nevertheless find themselves under attack; and arrangements to help poorer countries develop chemical industries.

A mechanism for verifying compliance with the convention still has to be completed. In particular, a system for ad hoc controls is needed to fill the gap between the routine checks and the "challenge" inspections, under which checks can be made at 48 hours' notice.

Cash pours into shops of W Berlin

By Leslie Colitt in Berlin

EAST GERMANY'S opening to the west and the prospect of German unity are providing a powerful impetus to the economy of once-isolated West Berlin.

Retail sales have soared since the opening of the Wall last November and the economic outlook has never been as bright. Millions of East Germans spending their DM200 (£70) "welcome" money in West Berlin were the main force behind an 11 per cent surge in retail sales in November and December.

Turnover in this month's winter sales soared by 30 per cent as many East Germans exchanged their East German Marks into D-Marks in order to buy low-priced home electronics, food and clothing.

East Germans and Poles seeking D-Marks daily throng the square in front of Zoo Station offering passers-by 100 Marks for DM20, a slightly better rate for the non-convertible Mark than in nearby exchange bureaux. One young East Berliner claims: "Buy today, the rate will be worse tomorrow." Sales of used cars to are also doing well. "They are buying up Golfs and Ladas as quickly as I get them in," says Mr Rolf Leiser, owner of a second-hand car company.

Armenian dead haunt US-Turkish relations

Jim Bodgener reports on a congressional resolution striking at national sentiments

Turkey's relations with the United States have been placed in jeopardy by a resolution currently being debated by the US Congress which implies that Ottoman forces committed genocide on 1.5m Armenians during the First World War. The resolution, which offends deep-seated Turkish national sentiments, could be passed by Congress this week.

The resolution calls for a day of remembrance on April 24, the 75th anniversary of the Armenian dead.

The Turkish Government admits that hundreds of thousands of Armenians died in the First World War, but not the 1.5m claimed by Armenian nationalists, and it utterly rejects deliberate genocide.

The Turkish account is that Armenians died during evacuations of populations in the course of defending Turkey against the Russians.

This is the sixth such resolution since 1975 and might again be voted down had it not been championed by Republican leader Senator Robert Dole.

He is sympathetic to the Armenian cause, having been treated successfully by an Armenian doctor for serious arm injuries from the Second World War, and after he visited Soviet Armenia last summer to view earthquake devastation.

Mr Dole is opposed by Democrat Senator Robert Byrd, president pro tempore of the Senate, who said on Wednesday the resolution could endanger talks on US bases with Ankara.

Heightening Turkish apprehensions of US ostracism has been a recent annual State Department report on human rights and torture in Turkey which alleged random torture by police and gendarmerie, though it stopped short of describing torture as systematic in Turkey.

The Turkish government fears the resolution if passed could provide a precedent for far more damaging resolutions, in stages already set out by Armenian activists starting with reparations, followed by restitution of territory. It could also prompt an upsurge of Armenian terrorism. For his part, Senator Dole says he would not support compensation claims.

Energetic lobbying in Washington with tacit US State Department support has whittled the original senatorial support for the resolution of 61 down to 46 – it scraped through the Senate Judiciary Committee last October. But although President George Bush reportedly opposes the resolution, he has not yet done so publicly.

As warning shots, Ankara so far has temporarily closed Turkish ports to the US naval visits, restricted modernisation work at US military facilities in Turkey, and stopped the US from flight training over the Konya region in central Anatolia, according to Washington.

Turkey admits hundreds of thousands of Armenians died in the war, but not the 1.5m claimed by Armenian nationalists, and it utterly rejects deliberate genocide. The Turkish account is that Armenians died during evacuations of populations in the course of defending Turkey against the Russians.

Yet Turkey's leverage over the US has diminished with its defensive profile on Nato's strategic south-eastern flank due to the changes sweeping Warsaw Pact countries. Two small US bases in Turkey are already due for closure in the general reduction of the US military presence in Europe.

The US-Turkish Defence and Economic Co-operation Agreement (Deca) comes up for renewal later this year. But with the decrease in levels of US military and economic aid since the early 1980s, the US has far less of a financial lien on Turkey than, for example, the World Bank, according to senior Turkish Foreign Ministry officials. About $400m in military aid, and $100m in economic assistance has been requested by the US Administration for 1989-90.

As far as US domestic budgetary considerations are concerned military aid to Turkey, though much lower than in the early 1980s, is still the third or fourth largest to any country.

Senator Dole has recently called for large cuts in the foreign military aid budget. But other possible steps include hampering diplomatic, trade and cultural relations in escalating stages the nearer the resolution comes to effect.

All of this accentuates fears in Turkey that its interests are being neglected and downgraded by the west in the light of the changes sweeping eastern Europe, a fear which even extends to international funding agencies like the World Bank, according to Central Bank officials.

At the most extreme are worries about encirclement. The recent ethnic struggles between Soviet Armenians and Azerbaijanis have fanned the flames of Pan Turanism in the ultra-right nationalist and neo-fascist wing of Turkish politics.

Calls for countrywide demonstrations against the resolution were made in mid-week by the septuagenarian leader of the far right, Mr Alpaslan Turkes, and his National Work Party. More moderate opposition parties have capitalised on the controversy too – former premier Suleyman Demirel alleged recently in parliament that the government had mismanaged Turkish-US relations to the point of rupture.

If the resolution is successful, shocked Turkish public opinion would understand it as congressional endorsement of the Armenian genocide claims. It would be far more serious than the passing of a resolution in the European Parliament calling on the Turkish Government to acknowledge genocide in 1987. Over-arching national security interests would probably prevail in diplomatic ties, according to diplomats in Ankara – but the day of remembrance would be a constant irritant inflaming US-Turkish relations.

West European truck sales at record level

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN truck sales (above 3.5 tonnes) rose by 6.9 per cent to a record 324,000 last year, exceeding the previous peak of 316,000 set in 1979, according to estimates by Automotive Industry Data, the UK-based analyst.

European truck sales have been rising for five years from 227,368 in 1984 and a low of 220,000 in 1982. Demand is expected to weaken this year, however, with sales in the UK, Europe's largest market, falling steeply.

UK truck sales last year, at 69,234, were the highest of the decade with an increase in the full year of 1.9 per cent. Demand began to fall sharply in the final quarter, however, when sales were 20.2 per cent lower than a year earlier, and in January registrations fell again by 28.9 per cent.

The survey of 14 west European markets shows that truck sales reached a record last year in Spain, Italy, Belgium, Sweden, Switzerland and Finland. Sales fell in only four markets, Austria, the Netherlands, Denmark and Norway.

West European truck output last year rose by 3.4 per cent to an estimated 408,500 from 395,189 in 1988, the industry's second-best ever performance behind the peak output of 412,500 achieved in 1982.

West Germany, the dominant force in the European industry led by Mercedes-Benz, the market leader, and MAN, increased output by 8.5 per cent last year to 154,500.

Second-placed Sweden, with the heavy truck makers Volvo and Scania, raised output by 8.6 per cent to 74,300. Truck production also rose by 8 per cent in France to 48,500, and was virtually unchanged in Italy at 50,000.

In the UK, still the most fragmented industry in Europe with eight significant truck makers, output fell by 13.3 per cent to 44,600, as the industry reacted to falling order books in the second half of the year.

Sales in West Germany rose by 9.9 per cent to 66,600; in France they were 3 per cent higher at 52,200; in Spain they increased by 18 per cent to an estimated 40,000; and in Italy they rose by 10.7 per cent to 36,300.

Danes revel in economic optimism

By Hilary Barnes in Copenhagen

THE Danes are enjoying an unusual experience – words of optimism and encouragement from Mr Erik Hoffmeyer, governor of the central bank.

"The balance of payments deficit is at its lowest for years in relation to the gross domestic product," he said in an interview with the FT. "We now expect a growth rate of about 2 per cent and no deterioration in the current account, and it could improve."

Mr Hoffmeyer has been governor for 25 years and in every one of those years the balance of payments has been in deficit. In the past, every recovery has been accompanied by a renewed deterioration in the current account.

But the deficit has fallen from DKr35bn (£3.2bn) in 1986 to DKr10.2bn in 1989, and most forecasters expect a further fall over the next two years.

Tough fiscal measures started in 1986 have been shown to work, said Mr Hoffmeyer. "Inflation is going to go down to 3.5 per cent or even less.

Export market shares have increased, and growth is resuming, so there is a prospect for an improvement in employment."

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Ode to Joy ready to aid unity party

By David Marsh in Bonn

WEST GERMANY is throwing Beethoven, Goethe and Schiller into the breach along with Volkswagen and Siemens to increase its influence and standing in the newly reforming countries of eastern Europe.

The Federal Republic's overall spending on propagating German culture and language abroad is due to rise 8 per cent this year, to DM967.5m ($579.3m) from DM896m last year, including extra sums set aside in the supplementary budget approved by the cabinet last week.

Roughly DM45m of this DM70m of extra spending represents real increases in cultural programmes, with DM25m earmarked on eastern Europe against DM10m for western countries and DM10m for the developing world. Further increases are being negotiated for 1991.

According to Mr Barthold Witte, the bow tie-sporting head of the cultural section at the Bonn Foreign Ministry, eastern European countries favour West Germany as a partner not only because of centuries of past cultural links, but also because of its perceived financial muscle.

Prospective German unity is likely to refurbish Germany's image abroad, he believes. "Our national identity has suffered not just through Hitler, but also through division. We now have the chance of healing a severe wound."

Rapid detente with eastern Europe has led to a surge of activity in establishing a cultural presence there, headed by the government-backed Goethe Institute. A united Germany is likely to add further to overall German weight in European cultural diplomacy.

He also believes there will be complications in pooling East and West Germany's separate cultural entities abroad.

A West German cultural institute has just opened in Moscow, and two more are to start business in Warsaw and Prague this year.

Dutch euthanasia on the increase

Laura Raun looks at the startling incidence of mercy killings

Euthanasia may account for as many as one in three deaths in the Netherlands, according to a new survey that is fuelling the fire around the socially and politically sensitive issue.

Between 10,000 and 40,000 deaths a year result from euthanasia, also known as mercy killing, according to the survey released this week by Inter/View, a well respected Dutch public opinion polling company.

About 54 per cent of the deaths are due to passive euthanasia, where medical treatment is stopped, and 46 per cent to active euthanasia, where a poisonous drug is given, the survey of 504 adults on February 19 found.

The Dutch like to feel they have sorted out the moral, ethical, medical and legal implications of euthanasia but a recent flurry of events have shown the weakness of their confidence.

Having focused almost exclusively on active euthanasia they have virtually ignored passive euthanasia and its much more difficult and sensitive questions.

Mercy killing remains a punishable crime by up to 12 years imprisonment or a heavy fine but the Dutch courts have condoned it through a series of rulings outlining a code of conduct.

Persistent efforts over the years to legalise euthanasia have come to naught. The latest survey suggests that euthanasia is twice as common as previously thought and provoked a protest from the Royal Dutch Medical Association over the wording of its questions.

The chairman of a recently installed government commission on euthanasia said it could give only an impression of the frequency. The new findings follow a wrenching case of mercy killing last month.

Mrs Ineke Stinissen, who had lain comatose for 15 years, died of starvation on January 19, 11 days after doctors stopped feeding her. That agonising step was taken at the wish of her husband, who had battled for years to allow his wife to die peacefully because of her hopeless condition.

She fell into a coma in 1975, at the age of 42, due to a mistake in anaesthesia during a Caesaerian section delivery of her son. Some Dutch doctors have called Mrs Stinissen's death barbaric while others have pleaded again for an end to the legal limbo surrounding euthanasia.

Thd Dutch Association of Patients, a 42,000-strong Christian-backed group, went to court twice in a futile effort to save Mrs Stinissen's life. Over the years groups representing the elderly also have expressed fears of mercy killing running rampant, risking murder.

But demonstrating the broad swathe of support for mercy killing was the upsurge in membership applications to the Dutch Association for Voluntary Euthanasia, which has about 36,000 members.

Euthanasia deeply divides the country and has provoked some of the bitterest political debates over the years. It is high among the growing list of divisive issues irritating the Christian Democrat-Labour Governmeft of Prime Minister Ruud Lubbers.

The Christian Democrats, senior partners in the centre-left coalition, deeply oppose euthanasia because of the Holy Bible's interdict on suicide. Labour, on the other hand, takes a more secular view and would prefer to clear the legalities surrounding euthanasia.

The government has tried to buy time with the classic Dutch stalling tactic – appointing a commission – and promised no new legislation before mid 1991. But this week's survey, the most definitive to date, will fuel MPs' calls for more urgency.

Mr Jacob Kohnstamm, a Democrats 66 MP and author of the most liberal euthanasia bill on the table, would like try to drive a wedge between the governing parties. As many as 40 of Labour's 49 MPs support his bill but they value their governing power after years in the political wilderness too much to openly defy the Christian Democrats, he believes.

Mercy killing remains a crime punishable by up to 12 years imprisonment or a heavy fine but the Dutch courts have condoned it through a series of rulings outlining a code of conduct. But the latest survey suggests that euthanasia is twice as common as previously thought.

"This political-ethical-religious-humanist controversy is where the coalition runs into serious problems," Mr Kohnstamm nevertheless insists. Dutch society accepts euthanasia – to an eerie degree – as long as an incurable but conscious patient repeatedly asks to be allowed to die and doctors, family and clergymen are consulted.

This is considered active euthanasia because the patient makes his wishes explicitly known. But the Dutch are still painfully struggling with passive euthanasia – where the patient is senseless and unable to make his wishes known.

Then the family, doctors and clergymen must bear full responsibility for the death – the "slippery slope to involuntary death," notes Mr Kohnstamm. This was the heart of the matter surrounding the death of Mrs Stinissen.

Her husband, Mr Gerhard Stinissen, had tried repeatedly to end her medical treatment and finally won a court ruling last November that allowed doctors to stop her articial feeding.

Whether euthanasia is more common among the Dutch is almost impossible to say because there are no official statistics in any country, including The Netherlands. Mercy killing is almost certainly less of a taboo and a perennial social, political and legal issue.

Neither the 30,000-member National Hemlock Society in the US nor the Voluntary Euthanasia Society in the UK have any indication of the extent of euthanasia in their countries. But in the UK a court case is pending over a doctor helping a patient to die and in the US the Supreme Court is expected to rule this year for the first time on the right to die.

The Royal Dutch Medical Association has long lobbied for a clear law on euthanasia to end the legal jeopardy faced by its members.

The Association hopes to unveil new guidelines on active and passive euthanasia by April. "We want all problems with which we are confronted in the ending of life to be well controlled," explained Doctor Theo van Berkestijn, secretary to the association. "The discussion over whether treatment may be stopped is less important than whether it should ever have been started."

G7 could convene in Europe soon

Mr Pierre Bérégovoy, the French Finance Minister, said yesterday that the Group of Seven industrial nations could hold its regular spring meeting in Europe. Mr Bérégovoy said the G7 was due to meet in May before the Interim Committee of the International Monetary Fund (IMF) gathered in Washington, Reuter reports.

Financial markets have been turbulent in recent weeks, in part on speculation that G7 might meet to review interest rates and currency policy.

Moscow beer output

Moscow's drinkers heard cheering news yesterday as the city council announced an ambitious plan to almost double the capital's beer production by the year 2000, Reuter reports. The newspaper Moskovskaya Pravda said the move was approved in a rare moment of unanimity by council members, who agreed to increase output from 370m litres to 695m litres.

Italian-US drug net

Twelve people, including two Colombians and a Briton, have been arrested in Sicily and the US in a joint operation that broke up a Mafia drug trafficking ring, Reuter reports.

Five Italian men were arrested in Sicily, most of them members of the "Acquasanta" (Holy Water) crime clan, named after a neighbourhood of the Sicilian capital.

N Sea gales

Gales could force new output cuts at the North Sea's biggest oilfield where a storm all but halted production for a day earlier this week, Norwegian state oil company Statoil said yesterday, Reuter reports.

Norway is Western Europe's biggest oil producer after the UK.

East European states forge links with OECD

By Peter Norman in London

ALL EAST European countries, with the exception of Romania, have established links with the Organisation for Economic Co-operation and Development to help modernise their economies, Mr Jean-Claude Paye, the OECD's secretary-general, said yesterday.

Mr Paye, who was in London for consultations with the Government, said Czechoslovakia had declared a wish to become an OECD member as soon as possible. The other countries were either less clear about what they wanted or had expressed a wish for more limited contacts.

The Paris-based OECD, which groups the world's 24 leading industrialised countries, exists to promote economic co-operation in areas such as trade, economic statistics, the environment and structural policies.

Mr Paye said the east European countries and the Soviet Union had approached the OECD to identify what scope for co-operation existed with the organisation. The Soviet Union, for example, had sent a high level mission to Paris in January and wanted to draw on OECD expertise in the areas of economic statistics, the environment, tax reform and energy policy.

In the case of Poland, the OECD sent a large mission to Warsaw last month to discuss how to help move the economy to a market-based system.

Last week, at a meeting in Paris, OECD officials helped Poland prepare its draft law on competition and ending monopolies.

East Germany will send a mission to Paris next week while Bulgaria has requested contacts with the OECD.

Mr Paye said that Czechoslovakia, with its low hard-currency debt burden, low inflation and long industrial tradition, appeared to be in a relatively good position to join the OECD. The decision would rest with the member countries.

Spain recognises Jewish freedom

By Peter Bruce in Madrid

CATHOLIC SPAIN has finally given formal substance to its recognition of Jewish religious freedom for the first time since Ferdinand and Isabella expelled the Jews from their united country 498 years ago.

Along with a deal with the Spanish protestant churches on Wednesday, the Justice Minister, Mr Enrique Mugica, the only Jew in the Spanish cabinet, signed a provisional agreement allowing both Protestant and Jewish churches to claim tax benefits, the right to minister to serving soldiers, access to the social security system for Protestant and Jewish priests and opening the way for the teaching of Jewish and Protestant doctrines in state schools.

De Facto religious freedom was granted to both communities in the 1960s by General Franco, but neither was encouraged to broadcast their presence.

Both churches have for the past few years been harassing the Government to give some substance to Franco's implicit recognition. Mr Samuel Toledano, the leader of Spain's Jewish community, said yesterday the agreement was a "vindication."

"For me it had a tremendous emotional impact," he said. "My ancestors were expelled from Toledo and it seems fate has given me the honour of restoring Jewish rights in this country."

There are about 15,000 Jews living in Spain now and the faithful have been slowly building up communities since Franco's death in 1975. Some 200,000 Jews were expelled in 1492 by the Catholic kings but the other 300,000 converted. Many illustrious Spanish families and business figures, now Catholic, have Jewish roots. Although Franco allowed some Jewish financiers to bankroll his Falangist party, he was less than welcoming to European Jews fleeing the Nazis during WWII.

Very few Spaniards have taken the opportunity to reconvert to Judaism since Franco's death. Official recognition, by virtue of the agreement, of Spainish Protestants and Jews, co-incided with the re-election this week of the conservative Archbishop Angel Suquia, as president of the Catholic Bishop's Conference.

Under him the church has begun again to attack Madrid's relatively liberal abortion laws and he has led a battle to secure favourable tax treatment. Madrid recently decided to allow tax payers to opt out of payments to the church.

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AREAS SELECTED FOR EXPLOITATION, SUPPLEMENTARY EXPLORATION, AND DEVELOPMENT OF HYDROCARBONS

1. A call for International Public Bid is made pursuant to Laws Nr. 17,319 and Nr. 13,696, and to Decrees Nr. 1055/89 and Nr. 1589/89 issued by the National Executive Power, to select companies in order to award rights of exploitation, supplementary exploration, and development of *hydrocarbons in the* AREAS *aproved by Resolution nr.* 57/90, issued by the Secretariat of Energy, as detailed below:

NORTHWEST BASIN

	Area (Km2)	Value of technical documentation (U$S)
1. AGUA BLANCA	41.58	20,000
2. EL VINALAR	1,005.00	24,000
3. *CAIMANCITO*	60.30	24,000
4. EL CHIVIL	253.00	22,000

CUYO BASIN
Name of Area (*)

1. CACHEUTA	318.42	26,000
2. ATAMISQUI	434.46	26,000
3. ZAMPAL OESTE	236.92	20,000

NEUQUEN BASIN
Name of Area (*)

1. EL SOSNEADO	325.38	22,000
2. ATUEL NORTE	702.65	20,000
3. *CAJON DE LOS CABALLOS*	*875.40*	*28,000*
4. EL MANZANO	630.15	20,000
5. PUNTILLA DE HINCAN	240.00	20,000
6. CENTRO ESTE	335.77	28,000
7. CATRIEL VIEJO	455.02	20,000
8. EL SANTIAGUEÑO	621.74	28,000
9. JAGÜEL DE LOS MACHOS	319.79	20,000
10. AGUA SALADA	879.53	20,000
11. BAJADA DEL PALO	452.07	22,000
12. AGUADA BAGUALES	178.31	26,000
13. LOS BASTOS	392.25	28,000

NEUQUEN BASIN (Cont'd)
Name of Area (*)

	Area (Km2)	Value of technical documentation (U$S)
14. AGUA DEL CAJON	355.03	28,000
15. EL PORVENIR	304.10	30,000
16. *EL SAUCE*	564.56	28,000

GOLFO SAN JORGE BASIN
Name of Area (*)

1. RESTINGA ALI	406.85	30,000
2. BELLA VISTA OESTE	217.33	28,000
3. LAS HERAS	266.24	30,000
4. PIEDRA CLAVADA	221.70	28,000
5. CERRO OVERO	335.85	20,000
6. BLOQUE 127	119.01	26,000
7. CAÑADON MINERALES	330.68	30,000
8. CAÑADON LEON	387.09	20,000
9. TRES PICOS	499.34	28,000
10. MESETA ESPINOSA	169.24	28,000

AUSTRAL BASIN
Name of Area (*)

1. CAMPO BREMEN	880.60	20,000
2. LAGUNA LOS CAPONES	413.28	24,000
3. *LA TERRAZA*	*405.08*	*20,000*
4. MOY AIKE	1,621.49	22,000
5. DEL MOSQUITO	763.15	22,000
6. CHORRILLOS	843.97	24,000
7. LOS CHORRILLOS	915.74	28,000

(*)composed of *one or more fields, and exploration area.*

2. Folder of Bidding Terms and Conditions may be purchased at Av. Julio A. Roca 651, 8th. Floor, Sector 9, Buenos Aires, Argentine Republic, from 19.2.90, 9.00 a.m. - 02.00 p.m. Value of Folder of Bidding Terms and Conditions: U.S. dollar ten thousand (U$S 10,000).
3. Technical Documentation may be acquired at Av. Pte. Roque Sáenz Peña 777, 8th. Floor, Office 832, Buenos Aires, Argentine Republic, from 19.2.90, 9.00 a.m. - 02.00 p.m.
4. Value of Folder of Bidding Terms and Conditions, and of Technical Documentation for each AREA, which has been fixed in U.S. Dollars (U$S) may be paid either in such *currency or in Australes (₳) pursuant to the selling rate of exchange quoted by the* Banco de la Nación Argentina corresponding to the day prior to purchase.
5. For information: Av. Pte. Roque Sáenz Peña 777, 8th. Floor, Office 829, Buenos Aires, Argentine Republic, form 6.2.90, 02.00 p.m. to 06.00 p.m.
6. Opening date and place: Opening date for International Public Competitive Bid shall be may 8 1990, and opening shall be carried out at noon in the Ceremonies Room, Floor 9th, of the Secretariat of Energy, Av. Julio A. Roca 651, Buenos Aires, Argentine Republic.

WORLD TRADE NEWS

UK group chosen to curb Florida exhaust pollution

By John Griffiths

A UK-owned group has won contracts worth more than $100m (£58m) from the government of Florida to set up and operate a network of vehicle exhaust emissions and safety testing facilities.

The contracts have gone to a Californian subsidiary of UK systems group, SD-Scicon, based in Hampshire.

They provide a sharp reminder that while EC countries are close to final agreement on exhaust emission standards which will require all new cars sold in the EC to be fitted with catalytic converters from the end of 1992, the Twelve have barely begun to tackle the issue of how to ensure vehicles in use comply with the strict new standards.

Statistics from the state of Maryland, where an emissions testing programme has been in force since 1984, show a failure rate of 18 to 20 per cent of vehicles. While the testing procedures force the vehicles' repair or their eventual suspension from the roads, the shifting population of "rogue" vehicles is considered by Maryland state officials to be the main vehicle-related environmental hazard in the state.

With testing well established in the US, Western Europe is now seen as the next major market for companies.

Western Europe has around 120m cars on the roads. So it represents a potential annual market of well over $1bn, based on US testing fees varying between $10 and $30 per car depending on the stringency of the test procedures adopted.

The Florida contracts, two out of a total of five awarded by the state, involve the subsidiary, Systems Control (SC), building a network of 12 testing stations capable of handling 2.4m vehicles per year.

The Florida deal also brings to five the number of US states which have awarded such contracts to SC, which has its main base in Sunnyvale, California.

SC will be testing at least 6m vehicles a year in the US once the Florida network is fully operative in 15 months' time.

The total may become substantially larger should a current tender prevail in the state of Minnesota. This contract is expected to be awarded during the next month. As a result of the Florida agreement, SC claims to have become the largest single emissions and safety testing contractor in the US, carrying out 42 per cent of centralised vehicle tests in states using outside contractors.

Some states have opted for decentralised schemes, in which private garages are licensed to operate the test programmes; others have centralised schemes, but operated by the state itself.

SC expects centralised testing programmes to grow further in North America, but is also planning to monitor Europe closely as the EC moves nearer to putting in place a comprehensive, long-term regime to reduce vehicle exhaust pollution.

SC was originally US-owned, but was acquired by the Scicon group in the early 1980s.

Scicon itself was a British Petroleum subsidiary until it was bought two years ago by Systems Designers, the UK computing services and systems group.

The merged SD-Scicon group now employs 5,500 people worldwide.

Swedes set to develop property in E Europe

By Robert Taylor in Stockholm

THE Swedish trading company AxTrade, part of the Axel Johnson group, announced yesterday the creation, with SKr256m (£25m) equity capital, of a new property company, East Capital AB, to acquire and build commercial properties in major East European cities.

The first office building project planned for the central area of east Berlin will be known as Schwedenhaus where office space will be let to Swedish companies doing business in what is soon expected to be a united Germany. AxTrade said yesterday that other new office plans were being prepared for Prague and Warsaw.

The new company will be managed by AxTrade, which will own 22 per cent of East Capital and have 50 per cent of the voting rights, but other shareholders include Beijer Capital, NCC International, Stancia (Ratos), Industrivarden, Spira Invest and the Wasa Insurance Company.

AxTrade said that the "rapid trend towards the establishment of market economies in many Eastern European countries can result in substantial potential for value increases in property investments".

The company has a long experience of doing business in East Europe, dating back to 1918 when the Axel Johnson group became the first foreign-based company to sign a trade agreement with the Soviet Union.

"Such relations take an exceptionally long time to develop and are a key requirement for assuring profitable transactions in the countries of eastern Europe," it said

At present AxTrade handles 30 per cent of Sweden's trade with East Germany and Poland, as well as 20 per cent of its trade with the Soviet Union. "We believe East Capital has a good chance of succeeding as long as political developments are not interrupted," said Mr Lars Gardo, AxTrade chief executive.

Egypt receives warning on video piracy

THE piracy of video cassettes has become so bad in Egypt that the United States has warned that it will respond with trade sanctions unless the violations stop by April, AP-DJ reports from Cairo.

Egypt runs the risk of retaliation under the US Omnibus Trade and Competitiveness Act of 1988.

Egyptians who operate in the video piracy trade said that the Americans appeared particularly concerned about Egypt because of its history as a cultural trend-setter for the Arab World.

In Cairo video shops, "every US film is pirated", said Mr Walid Nasser, an anti-piracy official of the Motion Picture Export Association of America.

Aer Lingus may sign new deals with Aeroflot

By Kieran Cooke in Dublin.

AER Lingus, the Irish state carrier, and Aeroflot, the Soviet airline, are believed to be close to reaching agreement on a number of joint ventures, including Irish training of Soviet cabin crews for Aeroflot Airbuses, and a possible joint maintenance and servicing operation.

Aer Lingus and Aeroflot already have a close working relationship. Aeroflot is now the second biggest carrier after Aer Lingus through Shannon airport in the south-west of Ireland. Up to 30 Aeroflot flights to and from the Soviet Union and South and North America go through Shannon. Aer Lingus has various technical agreements with Aeroflot and signed a "memorandum of intent" with the Soviet carrier last December to explore more joint ventures.

Reports in Dublin suggest a joint airline is being discussed, but an Aer Lingus spokesman said that such talk was very speculative.

Aer Rianta, the Irish airports authority, is involved in a Shannon operation which paints and refurbishes Aeroflot aircraft. Aer Rianta also helps operate duty free shops in Moscow and Leningrad and is opening up a similar concern on the Soviet-Finnish border. GPA, the Shannon-based aircraft leasing company, has a number of aircraft on lease to Malev, the Hungarian airline.

(Advertisement)

DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

February 1990: Vol. 20 No. 2

Gap in Japan/U.S. Interest Rates Narrowing

The Japanese economy made a stormy start to the 1990s, with the yen falling steeply against the U.S. dollar in overseas currency trading. The yen's depreciation is believed to have stemmed mostly from the political situations in Japan and abroad rather than economic factors. A House of Representatives general election is expected to be held in February. The outcome is likely to have a far-reaching impact on both the future political course and the economy.

Three noteworthy points can be observed in the foreign exchange environments related to the Japanese and U.S. economies aside from the political factors. In the first place, a slowdown in U.S. economic growth has become evident, while the Japanese economy has been steadily expanding. Second, U.S. interest rates have been following a downtrend, reflecting economic slowdown. In contrast to this, Japanese rates have been edging up. Finally, the U.S. trade deficit has been increasing on a year-to-year basis.

Buoyant Economy with Higher Interest Rates

The continuing Japanese economic boom is set to surpass the 42-month Iwato Boom of 1958-62 this coming June, *to become the second longest* boom in post-war history.

However, the strength of the economic expansion has weakened, as evidenced by a slowdown in year-to-year growth of industrial production (chart). The slackening trend is due mainly to the current economic expansion having entered a phase of maturity, with production growth practically matching real gross national (GNP) growth.* In addition, *growth in final demand has been slackening.* The following three factors are the main causes of the sluggish growth in final demand: (1) consumer spending has been slowing in real terms due to a fall in reaction to hurried purchases ahead of the introduction of the consumption tax (in April 1989) and higher prices, (2) growth of construction works has been restrained, affected by a labor shortage, (3) growth of exports has slowed down reflecting a boost in overseas production by the manufacturing sector, U.S. economic slowdown and China's austere economic policy. Such a trend in final demand is revealed in goods-by-goods shipments of the mining and manufacturing industries (chart).

However, consumer spending recently showed signs of picking up, evidenced in brisk sales at the end of last year. Sales at department stores in December grew 6.6% in Tokyo and 8.1% in Osaka from a year earlier. *Meanwhile,* capital investment, another driving force behind the economic expansion, has been performing strongly. It is showing no sign of a slowdown with machinery orders, a leading indicator, staying high.

Since domestic demand is expected to grow, production growth is not likely to slacken but rather maintain annual growth of 4-5% in the months ahead. The Bank of Japan raised its discount rate late last year to prevent price rises amid sustained economic strength. In fact, wage growth has been gathering momentum, reflecting a labor shortage in all industries. This could lead to higher prices.

Improved Trade Imbalance

Turning to Japan's trade balance, the trade surplus came to $6 billion in the July-September quarter (seasonally adjusted monthly average) and $5.6 billion in October-November. These figures represent surplus reduction of $1.6 billion and $3 billion from a year earlier. The downtrend in the trade surplus *stems from: (1) a slowdown in export* volume growth because of slackening U.S. economic growth and sluggish exports to China, (2) dollar-based export prices following a downtrend under the "J-curve" effect of the yen's depreciation which started at the beginning of 1989, and (3) negative growth of passenger car exports due to greater overseas production. Meanwhile, imports grew steadily from a year earlier, attributable to strong volume expansion of manufactured imports and a steady rise in import prices, notably crude oil prices.

However, regarding prospects for the external trade balance, the nation's trade surplus is forecast to decrease at a slower tempo because (1) the J-curve effect will probably lose strength gradually as a result of the yen's depreciation slowing on a year-to-year basis, (2) growth of crude oil prices has also been slackening on a year-to-year basis and (3) the yen's recent slide will curb the growth of import volume.

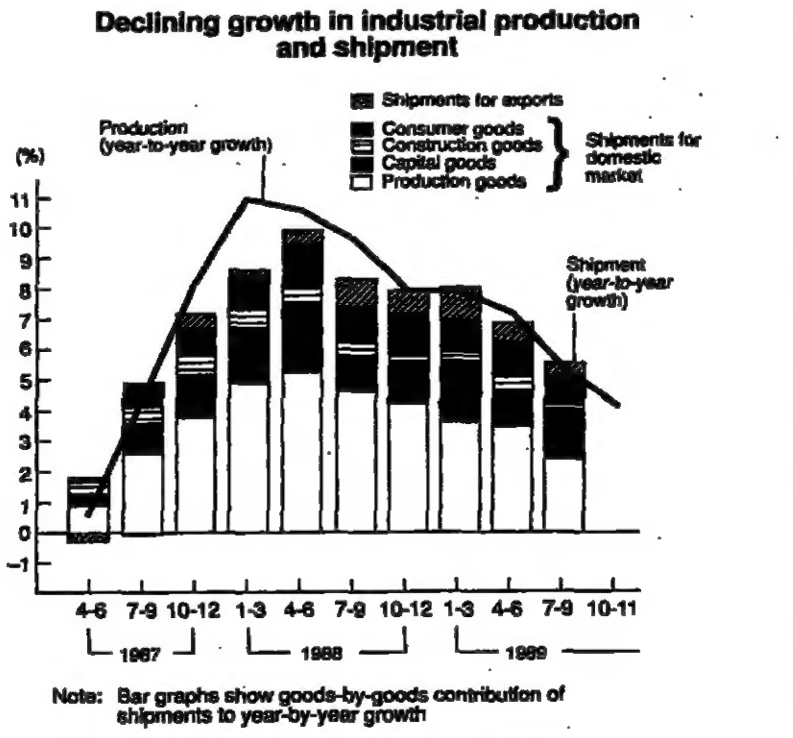
Political Situation to Affect Yen's Exchange Rates

Economic fundamentals indicate a gradual rise in the yen's value against the U.S. dollar in the months to come. Specifically, (1) U.S. economic growth has been slowing while the Japanese economy has been expanding, (2) the interest rate gap between Japan and the U.S. has been narrowing, and (3) Japan's trade surplus has been diminishing, but the improvement in the U.S. trade balance has come to a halt with a possibility *of worsening.*

However, it is uncertain whether foreign exchange rates will follow the course indicated by these economic fundamentals. Exchange rate movements are most likely to be affected by the political situation in Japan and overseas. The 1990s may be termed the "decade of politics."

(Note)
* A comparison of production with real GNP growth shows that production growth exceeds that of real GNP in the phase of economic expansion, nearly matches real GNP growth in the stage of maturity and falls below real GNP growth in the phase of economic slowdown.

Declining growth in industrial production and shipment



Note: Bar graphs show goods-by-goods contribution of shipments to year-by-year growth

Source: The Ministry of International Trade and Industry

The next DKB monthly report will appear Mar. 23.

Indonesian contract stirs US-Japanese tensions

John Murray Brown reports on the latest case highlighting the rampant use of aid as an export subsidy

INDONESIA is the unlikely new centre of US trade concern, and telecommunications is again the issue. A $300m (£176m) deal in which American Telephone & Telegraph of the US and NEC, the Japanese technology company, are competing to supply Indonesia with digital switching equipment for public exchanges, has put the spotlight on the rampant use of official aid funds to subsidise *exports to developing nations.*

Earlier this month, in an unusual move, President George Bush personally intervened in the telephone contract, urging President Suharto to assess the bids on merit. Mr Moerdiono, Indonesia's state secretary, said Mr Bush's letter was based on "misinformation". The Indonesian evaluation, he said, "is rational and fair and the procedures are well known by all bidders".

In Washington, the suspicion is that Japan's $2bn aid to Indonesia is being used in support of NEC's offer. Less sympathetic, the Jakarta press is interpreting the US move as unwarranted interference.

In November, at the Organisation of Economic Cooperation and Development in Paris, the leading industrial nations met again to consider new rules on the use of mixed credits, whereby governments or state agencies use aid to sweeten their export credits to make their exports cheaper and more attractive to Third World buyers.

The issue is central to the aid and trade debate. Free marketeers in Washington have long maintained that mixed credits distort trade and divert aid away from poor countries. At the same time, the Administration is under pressure to prune the federal deficit by reducing subsidies.

According *to Mr John* Macomber, chairman of the US Eximbank, the body entrusted to help US companies in key export markets, developing nations also suffer because the pricing of capital goods under mixed credits is often highly inflated. "We know that some nations wonder why we don't just play the game. We're perceived as naive," he said during a recent visit. "Countries wonder why we complain about *unfair trading practices,* when a few sweeteners – a bit of *mixed* credit here and there – would help us reduce our trade deficit." With Japan set to provide $65bn in aid funds over the next five years as part of its capital recycling, Washington's broader concern is that the exercise will be used merely to bolster Japan's commercial interests further.

INDONESIA has asked L.M. Ericsson to resubmit its bid for the $300m digital switch contract, the company said yesterday, John Murray Brown reports. The move comes amid concern about the tendering process voiced by the US on behalf of AT&T. Jakarta has said "the government is still evaluating the bids".

Ericsson, which would hope to supply equipment from its Australian subsidiary, is one of the five original contenders for the deal. Last month, Indonesia indicated that the field had been narrowed to AT&T and NEC.

Mr Macomber welcomed Japan's recent pledge to untie this aid, so that recipient countries can "shop the world and get the best buy for the money".

However, he warned that "many people will doubt Japan's sincerity about using mixed credits... We are all waiting to see that it happens. If it doesn't its a very serious matter." The Eximbank is now targeting a number of key projects in an effort to accelerate the OECD negotiations. Indonesia's telephone contract is seen as a test case.

Indeed Indonesia is now the largest recipient of soft loans from US Eximbank, with $800m outstanding and another $350m under consideration. Since the downturn in project business in the Middle East, Indonesia has become a major market for exporters of capital equipment. Concessional finance has become endemic as foreign contractors turn increasingly to their own aid bodies to counter Indonesia's aggressive loan terms.

The Eximbank has helped finance Indonesia's Palapa satellite programme, the expansion of an oil refinery, nuclear laboratories and various transportation equipment, including locomotives, helicopters and patrol boats.

The telephone deal, worth as much as $2bn in repeat orders, is seen by the industry as a vital contract in a region where telecommunications sales are growing rapidly. The project, which has been under discussion for more than three years, attracted bids from 5 major telecommunications companies – AT&T, NEC, Alcatel, Fujitsu of Japan and L.M. Ericsson, an Australian unit of the Swedish concern.

Eximbank officials indicated early on that the "War Chest" – the special facility set up to counter the predatory tactics of competitors in important markets like Indonesia – would be used to help US exporters on the Indonesian telecommunications contract.

AT&T has been able to improve its offer further by the link-up with both Philips of the Netherlands and Telefonica, the Spanish company, taking advantage of government financing that generally is more flexible than that offered by the US Government.

Whether or not Mr Bush's intervention has improved AT&T's chances remains to be seen. It has certainly left President Suharto in an unenviable position. He now has to make not so much a commercial but a political choice between the US, its closest strategic ally, and Japan, by far its largest aid donor and trade and investment partner.

Tokyo urged to reform economic policies

THE US and Japan yesterday began their third round of talks designed to remove "structural *impediments" to* trade, with US officials delivering lectures on the need for Japan to make fundamental changes to economic policies, Robert Thomson reports from Tokyo.

Members of the US delegation said that Japanese officials were told that changes should be made to the laws on land use and retail stores, and while the Japanese response *reflected "some progress",* they said that much more needed to be done.

After yesterday's listing of US grievances, Japanese delegates today are to be given the opportunity to argue for US structural changes that could reduce Tokyo's $49bn (£29m)bilateral trade surplus.

One US delegate said that the election win by the Liberal Democratic Party opened the way for the "political leadership" to take a stronger public stand on addressing US complaints, but "instead of new ideas to solve problems we heard a *restatement* of the status quo". A Japanese Foreign Ministry official said that generally, his side was satisfied with the discussions.

Brady to mediate in row over IMF shareholdings

By Peter Riddell, US Editor, in Washington

MR Nicholas Brady, the US Treasury Secretary, today starts a five-day visit to Europe to discuss western support for eastern Europe and the problems holding up decisions on increasing the resources of the International Monetary Fund.

On his short visits to Rome, Frankfurt, Paris and London, he will also brief ministers about the Bush administration's efforts in its budget last month to reduce the Federal deficit.

This will be Mr Brady's first meeting with most of the main European finance ministers since the last Group of Seven meeting in Washington five months ago, the longest gap in such talks for some years. However, in the absence of the Japanese, there is no suggestion of a collective G7 discussion.

Mr Brady is also seeking to mediate in the argument between Britain and France over the relative size of their quotas, or shareholdings, in the IMF. This has been one of the main reasons holding up completion of the quota review.

There is agreement that Japan should take Britain's *place as second largest share*holder, but the UK wants to be no lower than fourth, maintaining its quota share at at least 6 per cent against 6.8 per cent at present. France wants to retain its fourth position, though is prepared to compromise by allowing Britain to share this ranking for the present. However, for France, with a current share of just under 5 per cent, to achieve a 6 per cent quota other countries would have to give up some of their increases.

US officials are puzzled by this dispute, from which they have so far stood aside as an essentially bilateral affair, though they are willing to help if possible. Mr Michel Camdessus, *the IMF managing direc*tor, has already visited London and Paris for talks and the hope in Washington is that the pressure to complete the quota review will lead to a compromise.

FORMER PRESIDENT TESTIFIES ON VIDEO

Reagan denies knowing of Contra link

By Lionel Barber in Washington

FORMER President Ronald Reagan yesterday denied under oath that he knew that his top White House adviser was secretly assisting the Nicaraguan Contra rebels in defiance of a Congressional ban.

Mr Reagan also maintained in testimony video-taped last Friday that he did not authorise the illegal diversion of profits from arms sales to Iran to the Contras, which grew into the scandal known as the Iran-Contra affair.

Mr Reagan's testimony will be heard by a jury at the trial of Rear Admiral John Poindexter, the former president's national security adviser, which is due to open on March 5 in Washington. Mr Poindexter faces charges of obstructing congressional inquiries into the affair.

Last week, Mr Reagan, 79, gave eight hours of evidence in a Los Angeles courthouse. It is believed to be the first time a former president has been called to testify in a trial.


Reagan: first testimony by a former president

The use of video-tape – rather than a mandatory appearance in court – was aimed at protecting the constitutional separation of powers between the judicial and executive branches of government, even though Mr Reagan left office last year.

Mr Reagan's evidence does not appear to have added to the sum of knowledge about the affair. While he admitted that his general recollection of the Iran-Contra affair was a "covert action taken at my behest", his specific denials about the diversion of funds to the Contras will not enhance Mr Poindexter's defence that he was acting under orders.

During the 1987 Congressional inquiry, Mr Poindexter asserted that he did not inform the President about the diversion - thus deflating what had become the Reagan administration's greatest foreign policy controversy.

Uruguay heads for coalition government

By Gary Mead in Buenos Aires

MR Luis Alberto Lacalle, who takes office as Uruguay's President on March 1, is likely to form a coalition government between his Blanco party and the main opposition in Congress, the Colorado party. The coalition is a response to economic and political difficulties facing the incoming administration.

Although Mr Lacalle's party won 59 seats in November's elections, that was not enough to guarantee him a majority. The Colorados obtained 39 seats, as did the centre-left Nuevo Espacio and the marxist-leaning Frente Amplio.

Mr Lacalle's choice as governor of the central bank, Mr Ramon Diaz, has said that the government will aim to reduce Uruguay's fiscal deficit from 1989's figure of 8 per cent of gross domestic product to 2.5 per cent for 1990. Last year also saw inflation of 89.2 per cent, the highest of the decade. In order to tackle both areas Mr Lacalle requires a broader political base in Congress than the Blanco party alone.

Among the measures Mr Diaz has suggested are a return to a fixed exchange rate, and the selling of an unspecified part of Uruguay's $1.3bn gold reserves. The sale of gold stocks would be used for various purposes, such as buying back some of the public sector's $4.33bn foreign debt (currently trading at 55 cents per US dollar on secondary markets), or for debt capitalisation in the private sector.

Uruguay's foreign debt is among the highest per capita in the world, and represents 51 per cent of GDP. The economy is sluggish, with GDP growing last year by only 0.5 per cent. A further worry for Mr Lacalle's new administration is the recent hand-over of Montevideo, the capital, to Mr Tabare Vazquez, elected mayor last November. Mr Vazquez, a member of Frente Amplio, has already started a programme of increased subsidies to Montevideo's public sector.

Concern as Mexican exports flag

By Richard Johns in Mexico City

MEXICO'S businessmen are concerned that they may be unable to sustain export growth unless the peso falls against the dollar.

"We are flagging," said Mr Carlos Viveros Figueroa, outgoing president of the National Association of Importers and Exporters, at the organisation's annual meeting.

He estimated Mexico's 1989 trade account deficit at $290m – against a surplus of $1.75bn in 1988 – and expressed concern about the effect of the deficit on foreign exchange reserves. Mr Jaime Serra Puche, Minister of Commerce and Industry, claimed that "if temporary flows were discounted – that it is to say imports which are incorporated into exports – then the balance between January and October showed a positive balance of $3.369bn."

It was not clear whether Mr Serra included in his calculation the maquiladora or in-bond industry, which imports and re-exports goods to the US and which is treated separately in Mexico's accounts.

With inputs of $6.31bn and exports of $8.26bn the sector generated a surplus of $1.95bn in January to August period of last year. He also said that the "mini-devaluation," whereby the currency is allowed slide each day by one peso against the dollar, was sufficient to maintain competitiveness and "macro-devaluation" was not necessary.

Mexico had a deficit in merchandise trade of $229.8m in September 1989 compared with $93.2m in August, according to the the Bank of Mexico. For the first nine months of 1989 the current account deficit was estimated at $3.81bn, compared with $1.08bn in 1988.

A growing time-lag in the release of balance-of-payments statistics has contributed to the private sector's suspicions that all is not as well with the trade balance. There is also concern as to whether the volume of foreign investment, capital repatriation together and official aid flows will be sufficient to cover the deficit.

On the basis of the September figures and given the traditional pre-Christmas surge of imports, observers believe the trade deficit for 1989 is likely to be in the region of $500m. At the end of September, on a cumulative basis for the year, it was still in surplus to the tune of $58m.

Similarly, there has been a delay in the central bank's release of figures on monetary aggregates. The latest, for October, show an increasing money supply as a result of government borrowing.

While the labour unions are demanding large wage increases, pressure from the business community for a relaxation of price controls is putting a question mark over the anti-inflationary strategy.

Mexico debates reforms to recognise Church

Pope's visit and closer liaison have sparked fierce discussion, reports **Richard Johns**

THE FORTHCOMING visit to Mexico of Pope John Paul II in May has stimulated an open debate on relations between the State and Church, raising hopes among the clerical hierarchy of constitutional reform giving recognition to the Church.

The discussion was triggered when President Carlos Salinas de Gortari appointed a personal representative, Mr Agustin Tellez Cruces, for liaison with the Pope. In turn the Pope has formally nominated Mgr Geromino Prigione as his representative in dealings with Mr Salinas. In the past the prelate's contacts with the president and his predecessor have been discreet and unofficial.

Mr Fernando Gutierrez Barrios, Interior Minister, has said that the second papal visit – the first was in 1979 – in no way consituted an opening towards the Church. It was "too early" to speak of a new relationship.

Mr Salinas has sought to play down the appointment of Mr Tellez, a former senior president of the Supreme Court. The President described it as just another step towards "modernity" and a move towards "the strengthening of relations with other nations."

Die-hard members of the PRI want to see kept in force the articles of the 1917 post-revolutionary Constitution which withholds juridical recognition of the Church and forbids it to own property (all religious buildings are legally owned by the state). Small parties of the left are equally anti-clerical.

However, Mr Rodolfo Gonzales Guevara, a veteran ex-President of the PRI and founder of its reforming "Critical Current" faction, called last week for legal recognition of the Church and the granting to priests of the right to vote denied them under Article 130.

On February 4 L'Osservatore Romana, the Vatican newspaper published a report saying that the Mexican Government and clergy were "negotiating the aboliton of Article 130, as well as other legal precepts." A bishop who is the Church's chief legal adviser confirmed talks were going on.

Political and diplomatic observers believe that he is working towards a much closer relationship and even constitutional reform not only for reasons of national solidarity but also with an eye on the vote of poor, devout people, and in particular campesinos, or small farmers, attracted by the populism of Mr Cuauhtemoc Cardenas's left-of-centre Party of the Democratic Revolution (PRD).

Discussion about the status of the Church continued for several months in the first part of 1989 after Mr Salinas invited Monsignor Prigione and other clerics to his inauguration.

When the PRD was established last May, Mr Cardenas said at his inaugural rally: "Without legal recognition the state has maintained relations with the Church . . . the law should explicitly recognise its existence and guarantee its autonomy for internal organisation".

The conservative National Action Party (PAN), founded in 1939 as a Christian democratic party, has always been outspoken about the need for a fundamental revision of Church-State relations.

Last week it called for a national debate on the whole issue. Mr Pedro Cesar Acosta, a PAN member of the Permanent Commission of the Chamber of Deputies, said that the views of the Church, "a factor of power" in Mexico, would have to be heard in the legislature "sooner or later."

Palace of Lesotho king surrounded by armed soldiers

By Michael Holman in Johannesburg

THE PALACE of King Moshoeshoe II of Lesotho, who on Wednesday was stripped of his constitutional powers by the country's military government, was yesterday reported surrounded by armed soldiers.

Troops also controlled the streets of the capital, Maseru, but the city was said to be calm.

Early yesterday morning, Major-General Justin Lekhanya, chairman of the country's ruling military council, announced on state-controlled Radio Lesotho that he had appointed three new members of the council to replace the trio of army officers arrested earlier this week.

King Moshoeshoe's refusal to sanction the new appointments prompted a constitutional crisis. This led to Wednesday night's announcement by General Lekhanya that the king had been stripped of his authority.

The king himself issued a statement yesterday appealing for calm and calling on church leaders to pray for peace and reconciliation.

In a letter to General Lekhanya, which was leaked to journalists, the king called for an explanation of the arrests of the three council members, two of whom are related to him.

There has been no official explanation of what seems to have been a coup attempt involving the three council members and a fourth senior army officer.

On taking power in January 1986 the general expelled members of the African National Congress. It is thought the arrested men may have wanted to re-establish relations with the ANC in the wake of the release of Mr Nelson Mandela.

Reuter adds from Maseru: State radio reported that Gen Lekhanya had reshuffled his cabinet, replacing nine of the 18 ministers.

Meanwhile, police said several people had been arrested in connection with the unsolved 1986 murders of two former ministers in the administration of the former head of state Chief Jonathan Leabua.

The bodies of the two men, Mr Desmond Sixishe and Mr Vincent Makhele, were found dumped with those of their wives at the foot of a mountain a few months after Gen Lekhanya took over in a coup.

Burma sets up £907m army company

By Chit Tun in Rangoon

BURMA's military Government has set up the first public holding company, with an authorised capital of kyats 10bn (£907m) to be subscribed wholly by the armed forces.

It has been named the Union of Myanmar Economic Holdings. Forty per cent of the share capital is to be subscribed by the Ministry of Defence, and 60 per cent by members of the armed forces, either on active service or retired, and by regimental institutes and organisations.

The company aims to form subsidiary and affiliate companies with Burmese and foreign interests and hopes to operate abroad as well as in Burma.

Each share is priced at kyats 1,000 and a share-holder can buy up to 300 shares. A shareholder with 100 shares will be eligible for election as a director of the company.

The establishment of the company is seen as a move by the Government to mobilise idle funds in the hands of the armed forces for use in the development of the national economy, and at the same time for generating extra-budgetary income for the armed forces.

The company is largely a replica of the Defence Services Institute, founded in 1950 by the armed forces for military participation in the economic life of the country.

The DSI expanded rapidly and 10 years later it held 25 subsidiary companies (some acquired by direct purchase from foreign owners) which were engaged in a wide range of business activities, including import of books and periodicals, banking, shipping, housing and construction, and running a department store.

Despite its success, the DSI was swept away in the high tide of nationalisations which followed the take-over of the government by the then Chief of Staff, General Ne Win, in 1962.

NEWS IN BRIEF

Mediation in Lebanon at standstill, says Aoun

LEBANON'S defiant General Michel Aoun said yesterday that mediation to end an inter-Christian war had reached a standstill and warned of an explosion of violence, Reuter reports from Beirut.

"It [the mediation] has arrived at a standstill," Gen Aoun told a news conference at the bunker of his headquarters in Baabda. He accused his rival, Mr Samir Geagea, leader of the Lebanese Forces (LF) militia, of trying to waste time "to catch his breath" and rebuild his forces.

Shortly before Gen Aoun's conference, Mr Geagea told the LF-run Voice of Lebanon radio station the war was over. Witnesses said both sides had used a five-day lull in the fighting to reinforce their positions.

Bougainville peace talks

The Papua New Guinea government and militants on the South Pacific island of Bougainville said yesterday they would hold peace talks aimed at ending a secessionist rebellion in which 100 people have died, Reuter reports from Sydney.

The talks, involving two government ministers, would be held on Bougainville within days, but an exact location was yet to be decided, a spokesman for Papua New Guinea Prime Minister Rabbie Namaliu said.

In a statement supplied by Mr Namaliu's office, rebels said preliminary talks with the government had begun in the hope of finding a peaceful solution to their struggle.

Call for Kenya death inquiry

Kenyan lawyers have demanded an independent inquiry into the death last week of Foreign Minister Robert Ouko, which has sparked anti-government demonstrations, Reuter reports from Nairobi.

Lawyers at the Kenyan section of the International Commission of Jurists (ICJ), an independent group, said the fate of other politicians who have met unexplained deaths since independence in 1963 should also be investigated.

Mr Ouko's charred body was found last Friday near his home in western Kenya.

Students who accuse the Government of covering up his death staged two days of demonstrations this week demanding the resignation of President Daniel arap Moi.

Diplomats visit FT journalist

British diplomats in Khartoum were yesterday granted access to Mr Julian Ozanne, the reporter for the Financial Times and Sunday Correspondent.

Mr Ozanne has been held in detention in the Sudanese capital since Wednesday morning.

He was said to be well and to have suffered no harsh treatment. No charges have been brought against him. The Interior Ministry is understood to be reviewing the results of his interrogation.

Left-wing demonstrators gathered in Manila yesterday to protest against US naval and air force bases in the Philippines

Taiwan politician dies

AN 82-year-old Taiwan legislator died in hospital the day after he was surrounded by screaming anti-government protesters in Taipei, a parliamentary spokesman said yesterday, Reuter reports from Taipei.

The death of Chiang Kung-liang is the first in an increasingly hostile campaign against old deputies who have not had to face elections since winning seats in mainland China in the 1940s.

His death brings into sharp focus the question of how long the old men can continue in office.

Chiang, who died of respiratory illness on Wednesday, was one of the elderly Nationalist Party stalwarts who have monopolised political power since the Government fled to Taiwan from China in 1949.

Cheney reassures Japan over US military in the Pacific

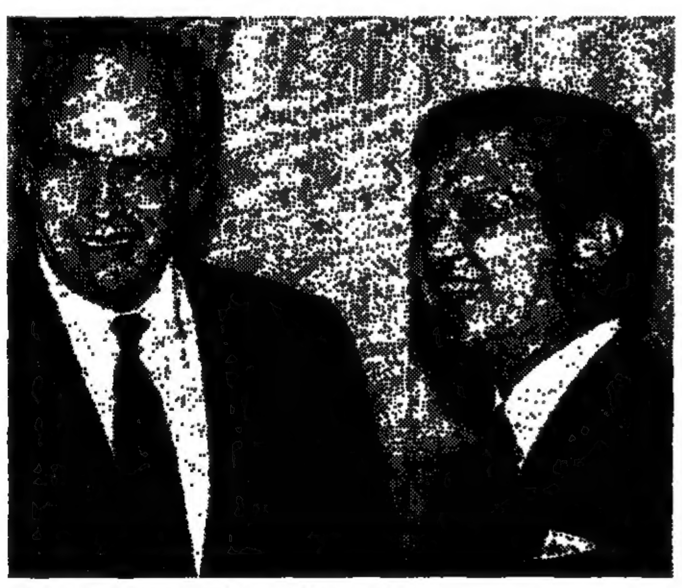
By Robin Pauley, Asia Editor, and Greg Hutchinson in Manila

MR DICK CHENEY, the US Defence Secretary, told Japanese officials yesterday that the US would withdraw some of the 50,000 American troops in Japan by 1994 but would not weaken US military strength in the Pacific.

The announcement follows on the heels of Mr Cheney's announcement in South Korea that about 5,000 troops will be removed from there by 1993 and a warning in the Philippines that US air and naval bases could be relocated if agreement cannot be reached on financial terms for their continuation.

Both the US and the Soviet Union are reassessing their international and regional defence responsibilities in the light of changing political circumstances, particularly in eastern Europe.

The Soviet Union has reduced its forces at the air and naval bases in Vietnam, has cut the Pacific fleet at Vladivostock and is to remove more than 100,000 troops from the Soviet East Asia by the end of this year.



Dick Cheney and Toshiki Kaifu in Tokyo

The Soviet Union also believes that the rapid change sweeping the world results in no renewed military threat from the two Second World War powers – Germany and Japan.

Mr Gennady Gerasimov, Soviet Foreign Ministry spokesman, said in Manila that Germans in East and West Germany had to decide for themselves if and when to unite and on what terms.

"The Germans can reunite but the process must be in such a way as not to threaten the national interests of neighbours, especially Poland and the Soviet Union. The borders must be there to stay as a result of World War Two. Germany must not be a threat. That's the main point," he said.

Strained relations between between Japan and the Soviet Union could be improved through increased trade, he said."I don't see any strategic or geographic reason for Japan to become a great military power."

Mr Juro Matsumotot, the head of the Japan Defence Agency , said he had asked Mr Cheney to be "careful and flexible" in cutting the number of US troops in Japan.

Mr Cheney assured the Japanese that the US would remain ready to meet any military contingency in the region.

Japan and other US allies in the region have expressed fears that the proposed small-scale cuts could be a prelude to deep military cuts in the Pacific in conjunction with a lessening of tensions in Eastern Europe and planned major cuts there.

Mr Cheney argues that the Japan reductions are part of a three-year US plan to streamline forces in the region.

The US Pentagon is reported to be drawing up a Pacific strategy plan to present to the US Congress by April 1 calling for a total cut of 10 to 12 per cent in the 120,000 American troops in the region.

A Japanese foreign ministry official said that Mr Cheney also revealed yesterday that the old US aircraft carrier Midway at Yokosuka naval base near Tokyo, due for retirement next year, will be replaced by another conventionally powered US carrier.

Mr Matsumoto said that Japan would continue to increase its share of the cost of keeping US troops in Japan. Japan currently pays about US$2.4bn a year which represents nearly half the total cost including housing and recreational facilities and part of the pay of Japanese workers on US bases.

'Protests breaking out' in Iran's cities

By Andrew Gowers and Scheherazade Daneshkhu

ANTI-Government protests have broken out in a number of Iranian cities including the capital, Tehran, over the past week, an Iranian opposition group claimed yesterday.

A statement from the Baghdad-based Mujahideen-e Khalq said protestors had clashed with security forces in places as far apart as the central city of Isfahan, the capital of Iranian Azerbaijan, Tabriz in the north, and Shiraz in the south. Demonstrators are said to have burned tyres, chanted slogans and daubed anti-Government graffiti on the walls.

No confirmation could be obtained yesterday for the report. Statements from the Mujahideen have often been greatly exaggerated in the past.

However, Western diplomats confirmed that there had been riots in the capital last Friday, when mobs went on the rampage in three separate places. This was the largest spontaneous protest in Tehran in years, and appeared to indicate growing discontent over living standards.

The immediate cause of the riots, in which some participants are said to have been killed or wounded, was the cancellation of two football matches. But the demonstrations also involved opposition activists, including monarchists and members of the leftist Mujahideen who distributed pamphlets among the crowd.

At the time the Iranian official news agency, Irna, reported only that 30 people were arrested in violence over the cancellation of a football match. The Mujahideen claims 30 were killed and at least 10 of them subsequently buried in unmarked graves on the outskirts of Tehran.

Iranian officials have expressed increasing alarm over breaches of public order in recent days, though they tend to speak of the perpetrators as common criminals. On Wednesday, the president of the supreme court, Ayatollah Morteza Moqtedai, urged prosecutors throughout Iran to expedite trials for criminals.

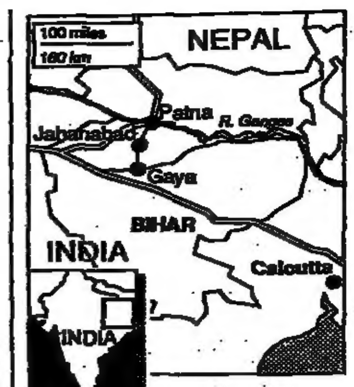
The reports of unrest come amid a continuing deterioration in Iran's economy, which is dogged by high inflation, low productivity and rising unemployment.

They also coincide with a continuing factional struggle within the Government over Iran's external relations. In the past week, various senior officials have reaffirmed the late Ayatollah Ruhollah Khomeini's death sentence against the British author Salman Rushdie, which caused a diplomatic break between London and Tehran a year ago.

On Sunday, radicals organised a demonstration in the Iranian capital to call for the death of Mr Rushdie and of a British businessman, Mr Roger Cooper, who is imprisoned in Iran.

However, the Government put out a contradictory signal yesterday, when the Tehran Times – an English-language newspaper close to the Foreign Ministry and to President Rafsanjani – called for the unconditional release of all hostages in Lebanon. "Moslem forces, out of Islamic and humanitarian considerations, should work to get the hostages free with no preconditions," the newspaper said in its most explicit call for the release of western hostages.

Western diplomats said this was "encouraging", but were unsure how much weight to give it. "We have to wait and see whether this statement will be repeated by senior Iranian officials," said one.



Gandhi: riding the rails

Return ticket for Rajiv Gandhi

David Housego sees the former leader bounce back from defeat

ONLY three months after his massive defeat in India's general election, Mr Rajiv Gandhi, the former prime minister, is making a political comeback. The unexpectedly large and enthusiastic crowds that greeted him in central Bihar in eastern India last night are the first sign that he is rebuilding his party base in the Hindi-speaking heartland.

At Gaya, a hovel of a town where Congress lost by a large margin in the November election, a crowd of several thousand waited until midnight to hear Mr Gandhi give an hour-long speech. They listened attentively and interrupted with bursts of applause. Before arriving at the meeting, Mr Gandhi had driven in almost triumphant procession through a town festooned with Congress flags and with car horns blaring.

In a calculated attempt to give himself a more popular image, Mr Gandhi had earlier made the 3½-hour journey from Patna to Gaya by the night train – thus abandoning the plane and helicopter that normally ferry him on election tours. At every village stop there were two or three hundred people gathered in the dark who surged forward to cheer him.

Mr Gandhi told reporters that he detected "a lot of change [in attitude] between November and now... it is the mood, the feelings of the crowd, the enthusiasm." Political observers in Patna, the Bihari capital, now believe – in sharp contrast to the accepted wisdom only a fortnight ago – that the Congress party with the support of independents could win enough seats in the state assembly elections on Tuesday to form the government again in Bihar.

Eight states comprising over 240m people go the polls on Tuesday, in elections that are expected to see the Congress party lose control of the state government in other big states, including Rajasthan, Madhya Pradesh, Orissa, and possibly Maharashtra in the west.

The importance for Mr Gandhi of doing well in Bihar – the second largest state in the union and a crucial determinant of opinion in the Hindi belt – is that it would end pressure for his resignation and leave him with a stronger grip over the Congress party. Several senior Congress politicians have defected in recent weeks – and the number could swell if the state assembly election results proved uniformly bad for the party.

The improvement in Mr Gandhi's fortunes in Bihar seems to have come about largely because the local Janata Dal – Prime Minister V.P.Singh's party – has damaged its image through internal squabbles and by including over 20 known criminals in its list of candidates. Mr Singh, who arrived in Bihar yesterday, has distanced himself from the local party over the issue by saying he would not support criminal candidates and cutting short a Bihar tour.

Capitalising on this type of division, Mr Gandhi hit out at what he described as a weak central government in Delhi which was undermining India's image abroad. In an appeal to Indian chauvinism, he said the Government was now being pushed around like "a puppy dog" by smaller neigbours such as Pakistan, Sri Lanka and Nepal.

In one of his rare interviews with a foreign newspaper since the election, Mr Gandhi put much of the blame for his defeat in November on failings in the party organisation. He said: "The main reason the party did badly is that the organisation was in bad shape. We could not face up to the challenges."

Looking slimmer since he went into opposition, Mr Gandhi still seems ill at ease in handling a broad array of questions – almost as though he were uncertain as to what views he really held. He had some praise for his successor's political skills. "He has done a very good job of holding the Government together." But he adds: "We don't know his programme or policies or anything about what he wants to do."

Mr Gandhi looks slimmer, but ill at ease with an array of questions

He accuses Mr Singh of reneging on commitments made by his Government – including the settlement with Union Carbide over the Bhopal gas tragedy and Pepsi-Cola's setting up in India. He sees the result as being that "governments abroad will not trust India. That is dangerous".

He says without hesitation that his government would have opened up the economy further if it had been returned to power with a step-by-step lifting of the current 40 per cent ceiling on foreigners' equity participation in an Indian company.

On the Bofors case, which many observers in Delhi believe could be highly damaging to Mr Gandhi as inquiries proceed, he says he has nothing to fear. He denied involvement in covering up commission payments to the Swedish arms manufacturer.

If campaigning by train brings Mr Gandhi in closer contact with Indian daily life than his hops across the country by air, he is still a long way from achieving the simplicity of style of Mr Singh. Two heavily-guarded coaches on the train were reserved for Mr Gandhi and his party. Refreshments were served by two waiters in black ties.

At Gaya station when we arrived, a loudspeaker announced to the waiting crowd that the National Front Government of Mr Singh had reduced the former prime minister to travelling by train – as though the Nehru family deserved something better.

Talks bring improved relations between India and Nepal

By K.K. Sharma in New Delhi

INDIA AND NEPAL were yesterday well on their way to a big improvement in relations. These have been sour for nearly a year following the lapse of a trade and transit treaty which seriously disrupted the economy of the landlocked Himalayan kingdom.

After three days of talks between officials of the two countries, it was agreed that a further round would be held soon to prepare agreements for foreign ministers of both sides to sign, probably next month in Kathmandu.

The agreements "would comprise a broad framework of the close and age-old Indo-Nepal relationship on a enduring basis", a joint statement issued at the end of the talks said, suggesting that the "special relationship" between the neighbours spelt out in the 1950 friendship treaty had been restored. The talks "registered progress towards a comprehensive solution of all outstanding problems".

The talks, which followed a meeting between Mr Inder Gujral, India's Minister for External Affairs, and Mr S.K. Upadhyaya, Nepal's Foreign Minister, last month soon after the new Indian Government took office, were said to have been marked by mutual give-and-take and friendly exchanges that have not been evident in their bilateral relations since the trade and treaty lapsed last March.

The current struggle in Nepal for democratic rights, which has led to clashes between troops and supporters of the movement for a multi-party system, was not discussed by the delegations. Senior Indian politicians from both the ruling Janata Dal and the opposition Congress party have recently visited Nepal and expressed support for the popular movement for democratic rights. Nepal has frowned on this but officials do not expect it to come in the way of improving relations.

The give-and-take that marked the talks is expected to lead to concessions by both sides. This could mean that Nepal's demand for separate trade and transit treaties will be conceded by India and Nepal will obtain more transit points for trade with India and other countries.

Nepal's trade was badly hit when India reduced the transit points from 15 to two last March. In return, Nepal is expected to check smuggling across the open border between the two countries and also to rationalise the custom duty structure that has so far favoured imports from China.

One of the main reasons for India's anger against Nepal was the kingdom's purchase of Chinese weapons, including anti-aircraft guns. The issue is said to have been fully discussed in the last three days and an Indian spokesman commented with satisfaction that "our security concerns have been noted".

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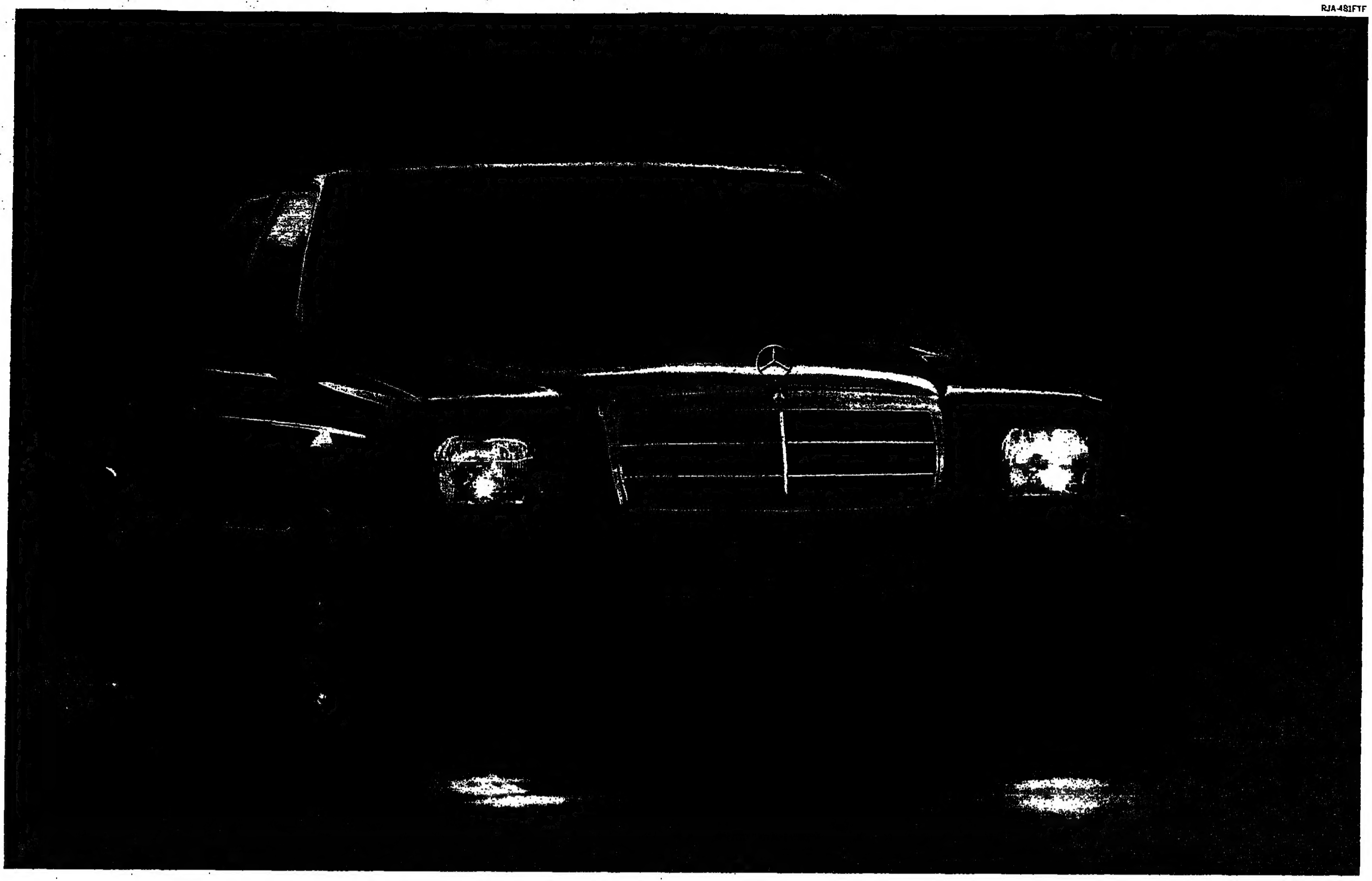

Mercedes-Benz 190E equipped with the Sportline handling package

Mercedes-Benz introduce some rather advanced options for the advanced driver

If your idea of a great car is one that settles assuredly into fast sweeping curves, that devours switchbacks and B-roads with easy authority, then the Mercedes-Benz 190 series has already caught your mood.

But now the compact 190 can offer handling that's sharper than ever before, a nose that's more obedient, suspension that will relish the tightish left-hander you're lining up.

New Handling And Seating Options

This is because the 190 series now has even more aces up its sleeve: the optional Sportline suspension and interior packages, for instance, that complement the style of the more experienced driver. Tauter damping, 20% stiffer springs, more direct steering, wider alloy wheels, fatter low-profile tyres. The body sits 20mm lower, too, because lowered centre of gravity is an integral part of the handling package.

And inside? You can specify Sportline seats, front and rear. They're tailored to give the added lateral support you'll want in a car whose cornering performance is so much more eager.

Completing the Sportline option are a smaller, leather-covered, steering wheel and leather-covered gearshift.

Sportline's dynamics have been inspired by that most sensible of sports saloon cars – the 190E 2.5-16, the fiery 190 range leader that already delivers every performance punch the advanced driver could wish for.

And the sharper handling responses of Sportline-equipped cars, indeed of all 190 series models, are also enhanced by manual or automatic gear ratios that are ideally suited to the give and take of everyday driving.

Sense And Sensibility

No design improvement was ever introduced to any Mercedes-Benz model that didn't appeal at least as much to the head as the heart. Thus Sportline is engineered for those whose driving style demands an extra margin of handling finesse.

But that's only part of the 190 story. No matter how you exercise your motoring options, there's a 190 model that'll catch your mood too.

WORLD SPORTS CAR
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Electricity privatisation

Gas-fired power stations blow to coal industry

By David Thomas, Resources Editor

PLANS for three new gas-fired power stations costing about £700m were announced yesterday by National Power, which will become the biggest generator in England and Wales after electricity privatisation.

The plans could lead to the loss of about 3,500 miners jobs in Nottinghamshire and were immediately attacked by the Union of Democratic Mineworkers.

National Power's proposals are a further sign of the fast-growing interest in gas as a fuel for power generation. Department of Energy officials told the Energy Select Committee this week that 20 gas-fired projects, totalling over 7,000MW of new capacity, were under consideration.

Small, relatively cheap gas stations are seen as more flexible and less risky investments for the industry after privatisation than large-coal fired plant.

National Power said yesterday it was preparing to launch feasibility studies of new gas turbine power stations at three existing power station sites.

Each of the gas stations would have about 400-700MW of capacity, with a combined total of about 2,000MW. They would use an energy-efficient generating system known as combined cycle gas turbines (CGCT).

National Power said the new stations would displace old coal and oil fired stations earlier than had been anticipated. They would contribute to the industry's commitment to reduce sulphur dioxide emissions which cause acid rain.

British Coal is understood to believe that the two proposed stations in Nottinghamshire could displace 3.5m tonnes of coal and lead to the loss of 3,500 miners' jobs in the county.

National Power, which at present has no CGCT plants, has already applied to build a CGCT stations at Killingholme in South Humberside and at Little Barford on the Bedfordshire-Cambridgeshire border. It is also investigating a possible CGCT plant at Didcot, Oxfordshire.

European Airbus partners running out of patience

Paul Betts counts the cost to profits and image of BAe's tough stance over the engineers' strike

THE mere mention of the word "strike" produces a mixture of anger and resignation on the part of senior British Aerospace managers these days.

On the continent, BAe's partners in the European Airbus consortium are becoming increasingly worried and frustrated by the strike over shorter working hours at three BAe plants now threatening to bring assembly of Airbus airliners in Toulouse, in south-west France, to a complete standstill.

The French have already lost their patience. Mr Jacques Plenier, head of Aerospatiale's aircraft division, openly describes the strike as "an act of sabotage to the Airbus system by BAe management and the UK unions." Mr Henri Martre, the Aerospatiale chairman, is now threatening to invoke an article in the Airbus statutes which would make BAe liable to pay 40 per cent of the costs of the strike to the Airbus system.

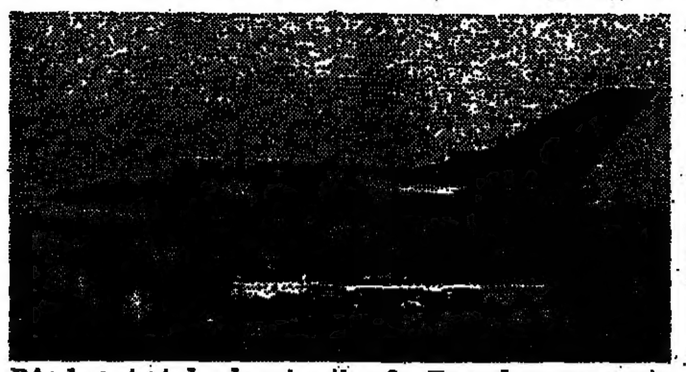
These costs are now already estimated at between $180m-$200m. But the eventual financial penalties BAe may face are only part of the problem for one of Britain's most important manufacturing groups.

The strike, if it continues for much longer, is bound to dent the international reputation of BAe and the company's overall credibility.

A senior West German government officials echoed at the Singapore Air Show last week the question on everybody's lips in the aerospace industry: why has the strike dragged on for 16 weeks at BAe while other major UK engineering groups like Rolls Royce or Smiths Industries managed to settle their disputes on shorter working hours relatively swiftly.

From the beginning, BAe appears to have adopted a tougher stance to the engineering workers' union than the other companies. Before Christmas, Sir Raymond Lygo, BAe's chief executive who retired at the end of last December, said the company was not prepared to negotiate with the unions as long as the three BAe plants of Preston, Chester and Kingston-on-Thames were on strike.

BAe's argument was that the company could not afford to reduce working hours without the necessary "quality productivity" agreements to offset the shorter working week. The company also felt that it would inevitably take a long time to negotiate the necessary productivity agreements it was seeking. For this reason it was not prepared to enter into discussions likely to drag for several weeks with the unions while its plants were on strike.



BAe has started subcontracting for Tornado components

Making the situation more complex for BAe was the fact that the company had already launched a restructuring programme of its aircraft operations designed to improve productivity by introducing new working practices. This meant that many of the more obvious forms of rationalisation had already been undertaken and that additional productivity gains would entail more complicated aspects of the manufacturing process and working practices.

BAe had for some time also been looking at ways to harmonise working hours throughout the company and claims that the real issue was never the number of hours worked as such but the key productivity gains required to ensure the company's long term competitiveness.

The company has now offered the unions a package involving a 37 hour week with productivity agreements attached. But it could just as well have been 36 or 35 hours a week if the agreement included real productivity improvements.

BAe inevitably suspects, although it will not say so publicly, that it has become the target of a national political campaign by the union movement which has made a resolution of the strike harder to achieve.

Indeed, the company believes it has had traditionally good labour relations and a constructive relationship with its workers.

The fact that striking workers were paid by the union's strike fund also appears to have contributed to the length of the strike. But at the beginning of January, strike pay was cut to around £85 a week and this is believed to have started to put some pressure on the part of workers to adopt a more conciliatory approach to talks with management.

Talks began early in the new year even though the three plants were still on strike. But although the parties have now held several rounds of discussions at the various plants, the strike is dragging because of the difficulty in hammering out productivity deals which BAe considers necessary if working hours are reduced.

"The issue is not a 37 hour week but the sensible productivity agreements to fund the reduced working hours," explained Dr Maurice Dixson, head of BAe's commercial aircraft division, at the recent Singapore Air Show. "Management is talking, is prepared to accept a 37-hour week, but is not prepared to sacrifice the company's competitiveness. We don't believe this is unrealistic nor unreasonable," he added.

The strike now risks proving costly not only for BAe's management but also for the workers and the unions. To maintain supplies of components for its Tornado military aircraft production, BAe is subcontracting work outside the company at Preston. The work subcontracted out so far involves about 300 jobs and they are unlikely to return to Preston because they involve long-term subcontracting deals, Mr John Weston, head of BAe's military aircraft division warned this week.

However, there are beginning to be signs that the dispute is entering a critical phase which could finally resolve the strike. BAe has called back this week 150 workers at its Samlesbury plant near the Preston works. These workers had earlier been suspended for refusing to be bussed to the strike-hit Preston plant.

Samlesbury produces carbon fibre components for Airbus wings made at BAe's Chester plant. Although Chester, like Preston and Kingston, is still on strike, work is now resuming at Samlesbury ready for a recovery production schedule.

But time is running out. On March 2, the Airbus supervisory board is due to meet and the BAe strike will top the agenda. The meeting is likely to be stormy if BAe and its unions are still locked in conflict with BAe's Airbus partners likely to press their claims for financial compensation.

Halifax profits hit by £40m losses in UK gilts market

By David Barchard

LOSSES IN the gilts market are expected to wipe more than £40m off the 1989 profits of Halifax, the largest UK building society with assets of over £40bn.

Taken together with the losses anticipated on its estate agency and property operations, the society's profits may be as much as £80m down.

The losses on Halifax's operations in the gilts market arise because the society changed its accounting policies for reporting gilts a year ago from a simple accounts book basis.

At the time of the change a rally in the gilts markets was under way and Halifax appears to have expected that interest rates would fall during 1989. As a result, the value of its portfolio was badly hit when interest rates moved up during the remainder of the year.

With a gilts portfolio valued at just under £1.5bn a year ago, some bankers believe that Halifax may have incurred losses as high as £80m. A spokesman for the society yesterday denied that the loss would be as high as this, though he admitted that there had been losses.

"Whether you consider them losses or just the marking down of value of gilts is up to convention," the spokesman said. "It is an old accounting question. If you take a snapshot of the portfolio at the end of the trading year, it is natural that sometimes you would show it as a loss but the value has not really gone down."

Mr John Wriglesworth of UBS Phillips & Drew said that he expected Halifax to lose around £30m on its estate agency operations during the year, and at least £15m on property developments, but that its pre-tax profits would nonetheless be ten to fifteen percent up on last's £461m.

"The society's core business has held up remarkably well in a very difficult market and this will compensate for losses in other areas," he said.

● Halifax Building Society moved into line with Abbey National and other building societies by raising its standard mortgage interest lending base rate by 0.9 percentage points to 15.4 per cent from March 1.

Cheaper rates will apply to borrowers with large mortgages for whom rates will be 14.7 per cent for loans between £60,000-£100,000 and 14.6 per cent for over £100,000.

The move will affect about 1.7m Halifax mortgage customers. But the society will not lift its rate for first-time buyers in an effort to keep the housing market moving. A 0.9 percentage point discount for new first-time buyers, which effectively pegs the rate at 14.5 per cent, will stay in force until the end of January next year.

Woolwich Equitable, the third largest society with half a million mortgage customers, yesterday increased its main mortgage interest rate by 1 percentage point to the lower level of 15.25 per cent. Nationwide Anglia, the second largest society which increased its lending rates last week, yesterday put up its rates to savers by between 0.5 and 1 percentage point.

Survey records fall in service sector optimism

By Simon Holberton, Economics Staff

BUSINESS optimism in the financial services sector of the British economy is declining. Costs are up but the volume of business is still growing, according to the first survey of the sector carried out by the employers' association the Confederation of British Industry.

The survey, to be published quarterly, was produced in conjunction with Coopers and Lybrand Deloitte, an accountancy firm. 430 companies involved in banking, insurance, financial markets, and venture capital institutions, were asked about current and future business conditions.

The financial services sector is an important sector of the British economy. It accounts for 15.5 per cent of the output of the economy. This compares with 23.8 per cent for manufacturing and 13.4 per cent for the retail and distribution sectors.

In total the survey group is less optimistic about the overall business situation than it was three months ago. But it reports that in value and volume terms the level of business it is currently doing is higher for this time of the year.

Despite this its costs are under upward pressure while profitability is being squeezed. Cost are higher compared with three months ago and are forecast to rise further in the coming three months. Profitability has fallen and is expected to remain under pressure.

Council calls for new policy on development

By Our Belfast Correspondent

THE NORTHERN IRELAND Economic Council yesterday called for a reappraisal of industrial development policy in the province and a new economic development strategy.

The independent development watchdog also suggested the creation of a single industrial development body, bringing together the Industrial Development Board, Ulster's main job agency, and the Local Enterprise Development Unit, the agency for small business.

The Council's recommendations are contained in a report on the IDB's performance and, in particular, the difference between the number of jobs promoted and number actually created between 1982 and 1987. Only 40.5 per cent of about 23,000 jobs promoted in 305 assisted companies over, were created.

Within the overall figure, a number of interesting trends emerged. Companies indigenous to Northern Ireland not only created most of the employment over the period (73 per cent), but also had an attainment ratio well above the average for all companies.

Companies owned in the US and the rest of the UK created only 443 and 1,115 jobs respectively, with attainment ratios of 8.5 and 21 per cent.

Overall, the cost-per-job created in assisted firms was £15,570, almost 30 per cent higher than the orginal cost-per-job promoted.

Hurd vision of new Nato after E European reforms

By Michael Cassell, Political Correspondent

REFORMS in eastern Europe and the Soviet Union are likely to lead to the evolution of a Nato alliance increasingly dominated by political rather than security considerations, Mr Douglas Hurd, the British Foreign Secretary, forecast yesterday.

In a wide-ranging policy speech on east-west relations, during which he denied accusations that Britain was obstructing progress towards German unification, Mr Hurd envisaged a continuation of strong European defences but said that Nato would have to "change with the times".

He stressed that, for Britain, the retention of its independent nuclear deterrent was essential but that the alliance would become more deeply involved in the arms control and verification process and that it would need to "develop concepts for the 1990s, such as minimum deterrence."

In a Commons speech which adopted a more positive tone towards the prospect of German unity than some of the recent remarks by Mrs Margaret Thatcher, Mr Hurd expressed the hope that the emerging democracies of eastern Europe would eventually become EC members.

The Foreign Secretary said that, in considering unification, Britain's message had not been one of obstruction but had recognised that there was a risk of "muddle and instability" if the issues were not correctly addressed.

The Government was optimistic that unification could be achieved in a way which "fitted a pattern of European stability and security acceptable to all."

Mr Hurd said, however, that the economy of East Germany was "massively state-aided" and offended every European Community environmental directive. The united country would need derogation from Community law and all EC partners would need transitional arrangements.

But divisions within the Conservative Party about the best course of action to ensure the new Germany is locked into the rest of western Europe surfaced again yesterday when Mr Michael Heseltine, the former Defence Secretary, called on Britain to support further moves towards closer European integration.

In urging greater political and economic ties within the EC, Mr Heseltine, a contender for the future leadership of the Conservative Party, distanced himself from the Government's reservations over economic and monetary union.

Mr Hurd, who announced that President Vaclev Havel of Czechoslovakia will visit Britain next month, said that, with the Soviet Union "no longer sure of its moorings," the Warsaw Pact would have to change fundamentally or fade away. Nato, however, would endure.

In Brief

Canadians break into telecoms market

BRITISH TELECOM is spending £14m on a large international exchange made by Northern Telecom in what constitutes a significant breakthrough to the UK market by the Canadian manufacturer.

BT has traditionally bought its exchanges – the biggest single element in its £3bn annual procurement budget – from the UK's GPT and Sweden's Ericsson, but it has now bought three Northern Telecom exchanges in the past year. All three have been supplied by STC, the UK electronics group in which Northern has a 27.5 per cent stake.

Ambulance optimism

Peace talks in the 23-week ambulance dispute continued late last night with unions and management cautiously optimistic that the two side would reach an agreement. Each side held separate talks at the Department of Health in London before going into a joint meeting to discuss a package aimed at ending the bitter six-month dispute.

Shell UK guilty

Shell UK pleaded guilty at Liverpool Crown Court to polluting the Mersey with 150 tonnes of Venezuelan crude oil last August. Sentencing was deferred until today after the judge had asked for details of profits generated by the company's *refinery at Ellesmere* Port.

The case – the first major prosecution brought by the National Rivers Authority, the new Government pollution watchdog set up following water privatisation – had been passed on by magistrates to the higher court, where unlimited fines can be imposed.

It emerged at the trial that crude oil was twice pumped straight into the Mersey.

Cardiff-Glasgow flights

Scheduled flights between Cardiff and Glasgow will be expanded in May when Manx Airlines, part of the Airlines of Britain group, begins a Monday-to-Friday service via Liverpool and a direct Sunday service. Capital Airlines already flies twice daily via Leeds.

Wessex joins forces with builder in international market

French face new competition on water

By John Authers

WESSEX WATER announced a joint company with George Wimpey Construction yesterday, in a move aimed in the long term at competing with French water companies on *their own terms in the* international water and sewage market.

This is the first joint company to be formed by one of the privatised water companies with a building company, although a number of more limited joint ventures have taken place, such as that between Thames Water and Taylor Woodrow.

The new company will be known as Wimpey Wessex Water. It will trade independently of both Wessex and Wimpey, both of which will hold a 50 per cent stake, but it aims to draw on the resources of both companies. The authorised share capital is £10m.

Ultimately the company intends to exploit developing markets in Eastern Europe and elsewhere. Mr Joe Dwyer, the chairman of Wimpey Construction, said: "This is a major commitment which is dedicated solely to exploiting opportunities in the water industry, nationally and internationally. The French are quite dominant in our industry and have been for some time. They own some of our companies through investment, and we have really had little response."

Wessex have provided advice and consultancy in around 20 countries, including Gambia, Australia and Portugal, Mr Dwyer *said. The new company's* other advantage, as it is seen by Mr Dwyer, is that it can provide a "one-stop capability". In other words, it hopes to cover projects of varying size and complexity, and will be able to offer a complete package to one customer, including all stages of the building process.

The move was greeted with little or no interest in the City of London, where the shares in Wessex remained unchanged for the day on 182p.

However, some analysts felt that the city had under-rated the prospects for the new company. Mr Nigel Hawkins, water industry analyst at Hoare Govett, said: "It's not unprecedented but it's very good for Wessex Water.

"It's largely geared at helping Wessex with their capital investment for the next few years, especially in the Bristol area. But, it might well go beyond the pure sewage and water area. They do have some surplus land in Wessex, although not a massive amount." Mr Dwyer said that this had not been a consideration.

GUINNESS TRIAL

Roux denies trying to offload blame on Saunders, jury told

By Raymond Hughes, Law Courts Correspondent

MR OLIVIER ROUX yesterday admitted that there was no *documentary evidence to back* his *allegation* that Mr Ernest Saunders approved allegedly unlawful payments to those who supported Guinness in its takeover battle for Distillers.

Mr Roux, Guinness's director of finance during the 1986 bid battle and a key *prosecution* witness in the Guinness trial, agreed that his signature alone appeared on invoices and payment vouchers.

However, he claimed at Southwark Crown Court, he had done nothing without Mr Saunders's authority.

He denied that he had tried to offload the blame for the payments on to Mr Saunders to avoid trouble for himself.

He also denied an accusation by Mr Richard Ferguson, QC, for Mr Saunders, that "you have lied to save your own skin."

Mr Saunders, former chairman and chief executive of Guinness, Mr Gerald Ronson, head of the Heron group, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier, have denied charges that they were involved in an unlawful share *support operation mounted* by Guinness in its battle with Argyll for Distillers.

Mr Ferguson suggested that it was "a complete lie" that Mr Roux had sought Mr Saunders's approval for the payments.

"I *beg to differ,*" replied Mr Roux.

When Mr Ferguson suggested that Mr Saunders was a marketing man with a poor grasp of financial matters, Mr Roux replied that that was "rubbish."

Mr Roux agreed that he had had the authority to approve payments and sign cheques for Guinness. *He said he had* sought Mr Saunders' authority because he had known that eventually the payments would be scrutinised by the company's auditors.

Why then, asked Mr Ferguson, had Mr Roux not got Mr *Saunders to sign or initial* the invoices?

Mr Roux replied: "Because it did not occur to me that Mr Saunders would later deny having anything to do with those invoices – otherwise, believe me, I would have acted *differently.*"

The end result, suggested Mr Ferguson, was that there was no record of Mr Saunders having approved payment of the invoices.

"That is right," said Mr Roux.

The trial continues.

Role for Institutional Shareholders' Committee

Talks due to start over Blue Arrow compensation package

By Richard Waters

NEGOTIATIONS are due to begin in earnest next week over an improved compensation package for institutional investors which bought shares in the placing that followed Blue Arrow's disastrous rights issue 2½ years ago.

The institutions, through the industry-wide Institutional Shareholders' Committee, have already held preliminary talks with the sponsors to the rights issue, *UBS Phillips & Drew.*

Following those talks it is understood that detailed negotiation is expected to start in the middle of next week.

The process of allocating compensation is being seen as an indication of the reawakening *of the Institutional Shareholders'* Committee.

Meanwhile, County NatWest, sponsors to the issue, said yesterday that it was willing to talk to institutions soon.

The institutions, whose negotiations are being headed by Mr Donald Brydon, the ISC chairman, and Mr Ron Artus of Prudential, have said that they want to reach an agreement soon, preferably within weeks.

The negotiations have been set up following the breakdown of talks between County and P&D over how to share the costs between themselves of compensating investors.

The compensation relates to the way investors were misled over the outcome of the rights issue, and as a result paid too much for Blue Arrow shares, either in a placing of 180m shares which followed the rights issue or through the stock market.

Both County and P&D are reserving their negotiating position, *but it appears that as* much as two thirds of the compensation may be forthcoming before negotiations even start.

In all, 220m shares are affected (the 180m bought in the placing plus around 40m more bought in the market).

County has already made an offer in respect of the 40m, and has said it will discuss terms with institutions which bought 44m of the 180m placed shares.

Together, this represents 40 per cent of the shares on which compensation is being claimed.

On top of this, P&D is thought to have accepted in principle that it should pay 25 per cent of any compensation due. It made this offer initially to County, and although it later increased the offer to 40 per cent, is believed to have returned to its 25 per cent level as an opening negotiating position.

The Blue Arrow compensation is the most visible sign so far of the reawakening of the *Institutional* Shareholders' Committee, a body which was set up in the 1970s to focus shareholder pressure on weak managements, but which eventually withered before it was able to achieve its aims.

The committee was reinvigorated last summer, partly at the instigation of the Bank of England, which has wanted to be able to communicate with institutional shareholders through a single body rather than the various groups representing pension funds, insurance companies and other fund managers.

The ISC is no longer intended primarily to act as a ginger group through which shareholders can express their views about particular management teams.

However, the way it has been used to co-ordinate the Blue Arrow compensation suggests that it might still emerge as such a body.

The ISC's role is likely to be enhanced by the creation soon of its own secretariat.

Declan Kelly Group blames interest rates for collapse

By Andrew Taylor, Construction Correspondent

DECLAN KELLY Group, the privately-owned developer, and eight of its subsidiaries have gone into voluntary liquidation with liabilities of about £200m.

The group, which has 3,000 homes under construction, is largest residential developer so far to fall foul of the collapse in British house sales brought on by high interest rates.

About 10 per cent of the homes have been completed and 185 people have paid deposits and exchanged contracts, the group said last night.

Mr Declan Kelly, chairman and owner of 80 per cent of the company he started in 1975, blamed the Government's policy of high interest rates for the collapse in sales. He said: "It is very distressing to have to tell employees who had faith in you that the company which you spent 15 years building up has failed."

Many of Declan Kelly's developments have been funded using off-balance sheet financing through loans secured against individual developments. Halifax Building Society and Hill Samuel have seperately appointed receivers to a number of Declan Kelly developments.

Expert way to handle Parisian drivers

Anna Kochan reports on a system that manipulates traffic lights to ease city jams

An expert system for easing traffic congestion in Paris is being put into service this month. By modifying the length of time that traffic lights stay red or green, according to a set of rules, traffic jams will quickly dissolve – at least, that is the idea. And it will all be done automatically.

Paris's centre, defined as the area enclosed by the 35 kilometres of the Boulevard Périphérique, contains 1,500 km of roads, which are used every day by 1,350,000 vehicles entering and leaving the city. At any one time, 700,000 are parked there.

The attempt to ease congestion began 10 years ago and has created an infrastructure which generates large amounts of information about traffic movements. The new expert system will take advantage of all this data.

Since 1980, 280 of the city's 1,300 crossroads using traffic lights have been equipped with monitoring and control equipment.

First, inductive loops were laid down in the road to register the number of vehicles entering and leaving a specific stretch, and computer interfaces were fitted to traffic light control units.

Second, a computer network was set up to collect the data about vehicle movements, to monitor the correct functioning of traffic lights and to allow their central control. Every three minutes, the car population in each stretch of road between two sets of traffic lights can be calculated.

With all this in place, traffic engineers in a central control room have the necessary tools at their disposal to intervene as congestion builds up.

A road map of Paris, illustrated on a computer screen, shows the changing status of the traffic flow using different colours. As the vehicle population in one stretch of road reaches a predefined danger level, its colour changes to red, for example, and the engineer is alerted to the fact that he has to take some action.

Based on his knowledge of the roads, he may decide to change the traffic light controls so that fewer cars can enter the danger area or more can leave it. Whatever the decision, it is likely to have repercussions on other areas of the road system. The engineer deals with these in the same way.

But as the traffic problem in Paris has worsened, it has become impossible for the team of traffic engineers to solve traffic jams using these techniques. As a result the new expert system, known as Système d'Aide Intelligente à la Gestion des Embouteillages (Saige) – intelligent system to help control bottlenecks – has been developed.

Saige is based on an expert system: that is, it uses software which incorporates the knowledge of experts and is capable of simulating their reasoning.

CGA-HBS's in-car terminal that receives traffic information

It is first programmed with a complete set of data about the Paris road network. Then it is programmed with a set of rules modelling the knowledge of the experts, which provide the appropriate decisions for a set of circumstances.

The HP9000 computer on which Saige runs is linked to the existing HP1000 computer that traffic engineers have been using to manage traffic problems manually. Saige works with exactly the same information as the traffic engineers, but has the processing power to handle large numbers of events occurring simultaneously.

CGA-HBS, the company which has pioneered the work in Paris, believes that the information generated by the infrastructure could have widespread uses. The police already have access to the data and in future CGA-HBS hopes to be able to offer it to the public.

The company, a subsidiary of Alcatel specialising in automation, has designed an in-car terminal which receives the traffic information every three minutes in the form of a radio signal transmitted from the central control room.

To organise a route that avoids the worst congestion, a driver taps his or her journey plan into the terminal. He gives code numbers, from a map, of points which he intends to pass on the way.

The terminal screen then illustrates by means of a bar chart the level of traffic in each stretch of road that the driver is interested in. Alternatively, he can just look at the areas that he knows to be the most critical.

For Paris, this could be an ideal solution because the extra cost involved would be minor and because it allows the driver to make his own decisions. For the French, such freedom is very important.

Paris is the only town in the country to have established a road management infrastructure. For other locations CGA-HBS, in a collaborative venture with Siemens, is offering the same solution as that being tried in West Berlin. This tells the driver what route to take to arrive at his destination most efficiently, so it relies on the driver following the guidance.

Infrared signals from beacons attached to the traffic lights transmit the data to in-car terminals.

Each car is also equipped with speed and direction monitoring devices, which provide the central control computer with a continuous bank of data about traffic conditions.

Unlike the approach being proposed to the Paris authorities, the quality of data is dependent on the proportion of cars fitted with the equipment.

It remains to be seen whether such a system would work in France. The first installation could be made in Lyon for which CGA-HBS is undertaking a six-month feasibility study.

Canada turns to Europe for high-speed trains

Fast trains from Europe may help to rescue part of Canada's vanishing rail passenger network.

Following the cutting of a C$600m (£290m) Federal Government subsidy, Transport Minister Benoit Bouchard says economic inter-city passenger services can only be maintained in a corridor stretching from Quebec City through Montreal and Ottawa to Toronto and Windsor. Nearly half of Canada's 26m population lives along this corridor.

Bombardier, a rail equipment, snowmobile and aerospace company, has come up with a plan to adapt the French TGV (Train à Grande Vitesse). The cost is put at C$5.3bn and the company says the Government would have to put up C$1.6bn and the private sector C$3.7bn. Bombardier has had the North American marketing rights for GEC Alsthom's TGV for some years, but has yet to make a sale.

It estimates that the service would attract 5.3m passengers a year, more than twice the current level. The TGV would do the initial stretch of 350 miles from Montreal to Toronto, on dedicated track, in 2 hr 45 min compared with 4½ hr now. Because it would offer more serious competition to air transport, the contention is that Federal money would be saved on airports.

Bombardier plans a feasibility study costing several million dollars and says it needs two years to line up support. Apart from having to acquire land for the track, several hundred level-crossings would have to be eliminated.

Two rival solutions are being offered by ABB (Asea Brown Boveri): the Swedish high-speed train, which runs between Gothenburg and Stockholm; and the West German Inter-City Express now at the prototype stage.

The rolling stock could be assembled in Canada, by Bombardier or by a subsidiary of Lavalin. ABB says the German train could be adapted for the Quebec City-Windsor corridor for C$4bn and the Swedish train for about C$2.5bn. The Swedish system would use existing track. In both cases, Montreal-Toronto could be done in 2½ hr.

The Canadian rail passenger system has deteriorated since shortly after the Second World War. Neither Canadian Pacific nor Canadian National, the two trans-Canada freight railroads, wants to bother with passengers.

Bouchard says the Government is interested in the corridor project, "but we don't have any money right now for a high-speed train."

Robert Gibbens

A marriage broker that needs to become more market oriented

A report about to be published on regional technology centres – set up to make British industry more competitive – is not expected to make comfortable reading.

Whitehall is about to receive the report, from consultants Victor Hausner, on the progress the centres have made in past two years towards encouraging companies to make better use of technology.

The centres act as marriage brokers between companies wanting technology and the organisations which supply it, whether they be other companies or places of higher education.

Because of the centres' short history – the one covering East Anglia has only just been set up – it is difficult to judge them. But there has been enough time to demonstrate that some are far less effective than others.

The question is: where do they go from here? The consultants say that the Government needs to define their role more closely. They will recommend that the centres become more market oriented. That means they must have the answers to questions like: is there a market for their services? And are companies prepared to pay for what they offer?

The report will say that the centres need to be business-led, not academic-led. And while Government funding for the transition period is in order – indeed some might need sustaining for a longer period – in the long term, they must develop a thoroughly commercial outlook.

Ministers' enthusiasm for regional technology centres sprang from the period when Kenneth Baker was Education Secretary. The Department of Trade and Industry regards them as having an important role in transferring technology; and they gained a mention – albeit rather scanty – in the DTI White Paper which launched Lord Young's enterprise initiative two years ago. The Training Agency also plays a part in overseeing the centres.

The initial plan was that they would receive £175,000 each from the Government over three years, on a sliding scale. The condition was that the money be matched from other sources.

Fourteen centres have been set up, about half formed by business groups – chambers of commerce, for instance – and the rest by academic institutions or development agencies. The locations range from Plymouth to Glasgow.

The centres have a regional role, although it has not been made very explicit. This contrast with France, which uses its 40 centres of regional innovation and technology transfer (CRITT) very much as a means of promoting regional development.

They support the development of new products and processes, as well as adapting new technologies to traditional sectors. Their technology advisers have a responsibility to serve small and medium-sized companies.

Technology transfer has been heavily used by certain state governments in the US, such as Massachusetts, to promote economic development. Much higher levels of funding have been made available.

In Britain, the new Eastern Region Centre, near Cambridge, will operate in an area with some similarities to Massachusetts in terms of academic strengths. Cambridge is brimming with ideas, many of which have found expression in small companies spun off from the academic centres.

One task for Brian Leeming, the centre's chief executive, is to get more of this know-how into local industry. There have been other attempts in the area, notably by the Cambridge Technology Association, to bring together business people and academics. The new centre provides a more formal mechanism.

Leeming emphasises that the centre will serve the whole region and that the needs of Norwich business might be very different from those of Cambridge. Local offices are being set up at Hatfield Polytechnic, Luton College of Higher Education, Suffolk College, the University of East Anglia and the University of Essex.

Business members include accountants, lawyers, electronics and engineering concerns, county councils and British Gas.

Regional technology centres have shown that larger companies also have technology needs, although they may not be sure what these are. For instance, if they suffer from a skills shortage, the solution may lie not in recruitment but in finding a more effective manufacturing method.

Nimtech, based in Skelmersdale, in Lancashire, is the most likely model for the development of other centres. It was set up by a group of companies before Kenneth Baker launched the concept nation-wide.

Managed by Robin McEwen King, a secondee from Pilkington, the glass manufacturer, it is highly commercially oriented and serves the whole of the north-west. The region has 73 "centres of excellence" tackling company problems and there are links with Cherbourg and Pau, in France, which have similar centres. Each has seconded staff to Skelmersdale.

Nimtech's main business is "technology problem solving". The requests come from big and small companies, from members and outsiders. Few are looking for really "hi-tech" solutions. They want to adopt "off the shelf" technology. Licences and patents have to be dealt with, but the weight of opinion is that these are not necessarily obstacles.

The consultants' report envisages expanding the role played by regional technology centres. This might include stronger ties with institutions carrying out basic and applied research.

The centres might also offer technology audits along the lines already followed by the Enterprise Initiative, under which the Government pays part of a company's consultancy fees for improving, say, product design or marketing.

The main task, however, is to ensure their survival by setting them firmly on the commercial road through the provision of services for which they can charge.

Hazel Duffy

MANAGEMENT

The challenges of 'life without hierarchy'

Christina Lamb explains why the abolition of job descriptions is easier said than done

A manager at a UK axle manufacturing plant recently had a revolutionary idea. He decided that rather than wait for memos to percolate up through the chain of command, he would visit his workers on the factory floor and ask them directly if they had any problems, however small.

One man pointed out that for the past three years the clock on the wall had been stuck at ten to three. The manager returned to his office and called his deputy to fix it. The deputy called the head of services who sent an inspector to find out, who put in a report to the head of services, which was passed by the deputy and eight memos later, finally sent in an electrician.

Had the worker been allowed to call the electrician directly the clock could have been fixed within minutes, and with no paperwork.

It is stories like this which have persuaded American management guru Tom Peters to advocate what he calls "life without hierarchy", by which he means abolishing almost all middle management and job descriptions, and converting workers to the idea of horizontal rather than vertical promotion.

Speaking at a conference organised by the Economist magazine for executives in London last week, Peters said: "It is time to end centuries of managerial tradition and organisational thinking and allow workers to connect with fellow workers without the time-consuming and politicised intervention of several levels of management."

Peters illustrates the idea of a world without corporate hierarchy with an example from the General Motors components plant in Bay City, Michigan. Encouraged by an enlightened manager, workers from the factory travelled 120 miles to meet workers at a GM assembly plant in Toledo, Ohio, and decided to instal a direct telephone line to link the two teams.

Now, when a problem crops up with a part made in Bay City, the Toledo work team calls up and a quick solution results.

In the old days, the Toledo team would have complained to the supervisor who would have complained to his supervisor who would have complained to his. Memos would have flown back and forth as distant staff members analysed the problem, climbed up the Toledo hierarchy, crossed a few boundaries and filtered down the Bay City hierarchy.

The idea of flattening hierarchies to do things more quickly is hardly new. In the Second World War when the German army installed radios in its tanks to enhance co-ordination at the front, the soldiers linked them to each other rather than to the high command. As Peters points out: "Soldiers do not charge into machine gun fire for the British or American flag but because they don't want to screw the people they trained with."

Peters has championed the removal of corporate bureaucracy for some years. His new drive is to urge an end to job descriptions. He says the only way to compete in an ever faster world where rapid response can count more than quality is for "a revolution in structure to create a world with no barriers between functions."

His ideal organisation chart is a circle with everyone inside (producer, purchaser, manager and worker), all linked to each other and all with the ability to make on-the-spot decisions. This way of doing things, he says, means problems get fixed without the higher echelons even being aware that they exist and relies on employees being "empowered" to tackle almost anything.

In order for this to be effected, Peters argues that up to 98 per cent of middle management should be abolished. Says the iconoclastic guru: "We need intelligent beings to act intelligently as they do before being interfered with by intelligent British and American managers. If we're going to do things in 17 minutes which used to take 17 months we need delegation, and middle management must be destroyed."

Instead of specified jobs a company should have a range of skills which employees must pick up rather like selecting food at a self-service cafeteria.

He cites an American insurance company, The Aid Association for Lutherans, which recently replaced 60 narrow job definitions with 150 skills and responsibilities; each employee was encouraged to acquire as many of these as possible, resulting in more highly-skilled, more highly-paid workers and more profit.

This, says Peters, involves removing functional walls within companies, allowing engineers to do marketing and accountants to write advertising copy. It also requires managers, to the distaste of some, having a far greater trust in employees. As Peters puts it: "The average person at the frontline must see themselves as capable of prowling around all the information of their company . . . it is a question of moving from audit trail to trust."

Some companies have already experimented with this model and found it successful. Leyland DAF is one of many which has tried out project teams where instead of having a large number of individuals with defined tasks, small groups are put together to carry out a project, deciding largely for themselves who will do what. Charles Poskett, employee relations director of BL, says that BL found that productivity shot up while absenteeism decreased dramatically; workers say they found far more incentive to work though they received no more money.

Since Peters started bringing his message in person to Europe, his proposals for removing job descriptions have attracted much interest from both public sector and private companies like BL and BMW.

Following them would require a revolution in education which gears us towards specialisation and the idea of moving ever upwards, rather than sideways. Stephanie Molyneux, managing director of Reginald Watts Associates, explains that her company was recently unable to find people for jobs which had no definite boundaries. She says: "Job descriptions are jealously guarded as status symbols."

British companies have the additional problem of working with unions which jealously guard specialist skills.

However enlightened Peters' evangelism may be there is a long way to go before continuous learning replaces promotion up narrow career ladders as a goal for most people and managers accept "empowerment" of their employees. It takes a long time to destroy a centuries old tradition.

Thai service industry

A family company run by staff committees

Roger Matthews reports on the individualistic management style of the Imperial hotel group

The Hoontrakul family is certainly ambitious. From owning just one small hotel in central Bangkok in the 1970s, the Hoontrakuls have taken their empire, the Imperial Family of Hotels to seven hotels and one restaurant in London, and intend to take it public later this year.

The family's goal is to become the largest and most diversified indigenous hotel group in Thailand during the 1990s.

It has already begun to establish an international arm with a chain of Thai restaurants in Britain and Europe which may eventually seek a separate listing on the London Stock Exchange.

The aim is to achieve all this while maintaining the present individualistic management style through which a high proportion of decision-making is left to employees' committees, where promotion is made from within the organisation whenever possible, and where ultimate financial control will remain within the owning family.

There is currently only one non-Hoontrakul shareholder in the Imperial Family of Hotels, a 75 year-old chef who has been with the company for 25 years. The new shareholders who this year buy 20 per cent of the company will be staking their faith equally on the ability of the Hoontrakuls, and, of course, on the buoyancy of Thailand's economy.

The vision behind this grand plan is that of Akorn Hoontrakul, 44, educated in the UK at West Buckland School in Devon and Queen's University, Belfast, and the eldest of six brothers and a sister, all but one of whom are with the company.

Since he joined his father in 1973 when there was just one hotel, the Imperial, the group has grown to five hotels in the capital, two more on the holiday island of Ko Samui, and will at least double the number of rooms it has within two years.

Work kas already started on the construction of two adjacent 40-storey hotels close to the new conference centre being built by the government for the 1991 World Bank-IMF meeting. The two hotels, one five-star, the other four-star, will together have 1,300 rooms and should be ready in the summer of 1991.

The hotels will be marketed within the three-tier and three-destination strategy which Hoontrakul has worked out. The top of the range is signified by the Imperial brand name, the four-star hotels under Tara, and the three-stars will be known as Impalas.

The plan is to have an Impala in eight provincial cities by the end of 1993 and a total of 40 early in the next century.

Apart from the provincial chain, the three main sites will be Bangkok, the island of Ko Samui, one hour's flying time from the capital where the Hoontrakuls already have two hotels and may in time build four more on land already acquired, and Mae Hong Sorn in the north, near the border with Burma.

The strategy adopted by Akorn Hoontrakul in Ko Samui, where he quietly bought up tracts of land in order to protect his hotels against what he saw as the over-exploitation of resorts such as Pattaya and Phuket, has been repeated in the north.

Most of the land in the Mae Hong Sorn area is designated anational park, but on that available for development the Imperial Family group will build three low-rise hotels with a total of 800 rooms, two of which will open at the end of 1991, followed by the third a year later. The land which has been acquired faces the River Pai with mountains at the back.

One of the several problems about developing a hotel chain to this extent is that, unlike its multinational competitors, the Imperial Family Group has no international marketing network.

Part of the solution is the Khun Akorn restaurants, the first of which opened three years ago in London, close to Harrods. Adul Hoontrakul, brother number three, is about to base himself in Europe for the next ten years to develop this side of the business which, while promoting and developing the growing international interest in Thai cuisine, will also provide a sales point for the hotels in Thailand.

The London restaurant – soon to be followed by establishments in Edinburgh and other cities in Britain, France and Switzerland – initially handed brochures to diners as they left. This has now been taken a step further with the actual menus printed on brochures extolling the virtues of the Thailand hotels.

Most of the new restaurants are planned as joint ventures with the Hoontrakuls looking for 60-40 arrangements with considerable incentives for the local partner. Akorn Hoontrakul also wants to acquire a London pub in order to test his theory that Oriental food will sell well alongside pints of bitter.

Akorn Hoontrakul, as chairman of the group, is adamant that the family management technique he has developed in the Bangkok hotels will also be employed in the new ones.

This involves slicing out a traditional layer of hotel management, such as executive chefs, executive housekeepers, food and beverage managers and especially the personnel department, and replacing them with small committees of employees based on their particular function in the hotel.

Thus each restaurant in the Imperial has its own committee which assesses the performance of the staff, decides on the allocation of pay increases within a ceiling set by management, and may even sack workers who have not performed efficiently. There is a right of appeal to a senior management committee.

Akorn says he has not fired anyone for nine years and that he would listen to recommendations from staff committees if they wished to dismiss a member of his family.

He is the only member of senior management to have his own office. Even his wife, Chompunute Hoontrakul, the general manager of the flagship Imperial in Bangkok, sits at a desk with her secretary in the room designated for guests to register when they check in. New guests are invited to one of three cocktail parties held each week to introduce management and fellow residents.

"The corporate culture is the family. I am loyal to my staff and they return that loyalty. All of them are told what their career path is likely to be two or three years ahead and I believe in the training being done within the group itself," says Akorn Hoontrakul.

Glyn Genin

Akorn Hoontrakul in the grounds of the Imperial Hotel, Bangkok: aims to have 40 hotels by early next century

Arts Week

F	Sa	Su	M	Tu	W	Th
23	24	25	26	27	28	1

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 9428).

Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

A Little Night Music (Piccadilly). Fine revival by Ian Judge,imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. *Albert Finney plays father* and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of *the Garbo film* to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the* Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway *aspirants who lack* the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of *T.S. Eliot's children's* poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The *longest-running musical in the* US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story *in which the songs* are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's *majestic sweep of history* and pathos brings to Broadway lessons in pageantry and drama (239 6200).

M. Butterfly (Eugene O'Neill). *The surprise Tony winner for* 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a *male Chinese spy* (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd *play the leads in this view of* southern life from under the dryers in a busy hairdressing establishment (988 9000).

I'm Not Rappaport (Briar St). *Shelley Berman, one-time stan*dup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. Kabuki-za. Performances at 11am and 4.30pm. Of the three pieces in the matinee, the most famous is *Funa Benkei (Benkei in the Boat)*, which is set on a kabuki version of a noh stage. The evening programme features two short dance pieces and a full-length drama, *Sannin Kichiza (Three Men Called Kichiza)*, an amusing and action-packed genre piece about three bandits who all have the same name. One of them is a young pickpocket who disguises himself as a woman – a virtuoso performance by the versatile Kikugoro. Earphone guide in English (541 3131).

Bunraku. National Theatre. Performances at 11.30am, 3pm, 6pm. (265 7411). Each of the three programmes features a well-known love suicide drama from the 18th century.

Noh. Tokyo Bunka Kaikan, small hall Shakkyo (The Stone Bridge): this popular play is based on an old Chinese legend and ends with a famous lion dance (Tues) (572 4311).

OPERA AND BALLET

London

Royal Opera, Covent Garden: *Don Pasquale*, in the facetious Jean-Pierre Ponnelle production, is revived with a highly successful and attractive cast – Paolo Montarsolo, Katheen Battle, Thomas Allen, and Raul Gimenez. Last performance of the new production of Borodin's *Prince Igor* by Andrei Serban, conducted by Bernard Haitink, a special triumph for the splendid cast of eastern European principals, notably Sergey Leiferkus in the title role, and Anna Tomowa-Sintow, Yelena Zaremba, and Paata Burchuladze.

English National Opera, Coliseum: David Pountney's polemical *Traviata* production continues in repertory, with Helen Field in the title role, and Alan *Opie and Edmund Barham as* the Germonts. Also: the latest return of *The Mikado* in Jonathan Miller's celebrated "white-hotel" reworking, with Richard *Suart as Koko and a cast of* ENO regulars including Lesley Garrett, Richard Van Allan, and Richard Angas; and the last in the current run of Berlioz's *Beatrice and Benedict*, produced by Tim Albery, full of ravishing music and subtle, fastidious stage pictures.

Paris

Paris Opera. Leningrad's Kirov arrives with a *Soirée Balanchine* and with Helena Pankova as its star. (47425371).

Amsterdam

The National Ballet with *Swan Lake* choreographed by Rudi van Dantzig and Toer van Schayk after Petipa and Ivanov. Muziektheater (255 455).

Brussels

Théâtre Royal de la Monnaie. The Monnaie opera in Mozart's *Il Seraglio* staged by Ursel and Karl-Ernst Herrmann, conducted by Emil Tchakarov, co-production with the Vienna State Opera.

Cirque Royal. The Polish Bydgoszcz State Opera in Verdi's *La Traviata*.

Italian Cultural Centre. Albinani's *La Serva Astuta* staged by Franco Scarangella, Fons Van der Linden conducts the Wolteche Chamber orchestra.

Antwerp

Koninklijke Vlaamse Opera. The Royal Flanders Opera with La Chapelle Royale Orchestra and chorus conducted by Philippe Herreweghe, staged by Isabelle Pousseur (Fri).

Liège

Théâtre Royal. Royal Wallonia Ballet in La Fille Mal Gardée choreographed by Janine Van Boren (Fri).

Théâtre Royal. Royal Wallonia Opera in Mozart's abduction from the *Seraglio*, a co-production with the Ludwigshafen Theater im Pfalzbau staged by Rudolf-Christian Sauser.

Milan

Teatro Alla Scala. Nicolaus Lehnhoff's production of Wagner's *The Mastersingers* conducted by Wolfgang Sawallisch. The cast includes Nancy Gustafson, Ryland Davies, Aldo Bramante and Bernd Weikl with the Prague Philharmonic Choir (Fri, Wed) (80 91 26).

Teatro Smeraldo. The Scala Ballet Company performing modern dance (at last) in this new and central setting: *Troy Game*, a satire which Robert North originally created for the London Contemporary Dance Theatre, Balanchine's *Square Dance*, and Ben Stevenson's neo-classical *Three Preludes* with Oriella Dorella and Francisco Sedene. (6570734).

Teatro dell'Elfo. *Le Bleu-Banc-Rouge et le Noir*, a puppet-opera by Anthony Burgess, with music by the young Torinese Compose Lorenzo Ferrero, done in co-production by The Scala and The French Cultural Centre in Milan for the Paris Festival d'Automne. The noir of the title refers to a priest, and the opera recounts his vicissitudes during 1789 in France, with close parallels to recents events in Romania. The puppets are by Enrico and Andrea Baj (65707341).

Rome

Teatro dell'Opera. Promising production by Francesca Zambello of Richard Strauss's *Ariadne auf Naxos*, conducted by Gustav Kuhn is unlikely to take place due to strikes (47 17 55).

Venice

Teatro la Fenice. Excellent production by Patricia Gracis of Donizetti's *Don Pasquale*, conducted by Gabriele Ferro, with skilfulcharacterisation of the leading roles by Enzo Daras, Barbara Hendricks and Claudio Giombi. (5210161)

Trieste

Teatro Verdi. Luciana Savignano dances the lead role in two works based on well-known operas: *Butterfly*, with choreography by Paolo Bortoluzzi, and *Carmen* with choreography by Alberto Alonso (63.19.48)

Berlin

Opera. Concert version of la *Sonnambula* with a strong cast led by Iris Vermillion, Lucia Aliberti and Francesco Ellero d'Artegna. Julia Varady repeats her much praised Violetta in *La Traviata*.

Hamburg

Opera. The new *Lady Macbeth von Mzensk* production has Olivia Stapp, Jan Blinkhof, David Griffith and Hubert Bischof excellent as leads. *Tosca* with a strong cast led by Maria Guleghina in the title role, Luis Lima and Juan Rons.

Frankfurt

Opera. Shostakovich's *Die Nase*, produced by Johannes Schaaf, will have its premiere this week with Ilse Gramatzki, Alan Titus, Bodo Schwanbeck and Uwe Schwanbeck. The successful *La Clemenza di Tito* production of the Lievi brothers returns with a first-rate cast led by Helena Doese, Alicia Nafe, Vinson Cole and Margit Neubauer.

Bonn

Opera. Jean-Claude Riber's curious new *Macbeth* production,superbly conducted by *Gianfranco* Masini, features a splendid cast of principals: Elizabeth Connell, Eduard Tumagian and Francesco Ellero d'Artegna.

New York

Metropolitan Opera. James Levine conducts the season premiere *of Die Entführung aus dem Serail* in John Dexter's production with Mariella Devia, Barbara Kilduff and Gosta Winbergh. Performances continue of Gian Carlo Menotti's production *of Manon Lescaut* conducted by Thomas Fulton with Mirella Freni, Peter Dvorsky and Italo Tajo. Charles Dutoit conducts Nathaniel Merrill's production of *Samson et Dalila* with Shirley Verett, Placido Domingo and Simon Estes. Harold Prince's production of *Faust*, conducted by Charles Dutoit, continues with Carol Vaness as Marguerite, Delores Ziegler as Siebel, Neil Shicoff as Faust and James Morris as Mephistopheles. Lincoln Center Opera House (362 6000).

Lar Lubovitch Dance Company. The company, noted for its rhapsodic music and fluent choreography, is a local favourite. Ends Mar 4. City Centre (581 7907).

Washington

Washington Opera. Zack *Brown's production of Die Fledermaus* conducted by John Lanchbery, includes Pamela Coburn as Rosalinda, Tracy Dahl as Adele and Robert Orth as Gabriel von Eisenstein. *Aida* continues with Aprile Millo as Aida, Stefania Taczyska as Amneris and Vladimir Popov as Radames. (467 4600).

Tokyo

Madame Butterfly. The Nikikai Opera Company performs the *original 1904 version in Italian.* Tokyo Bunka Kaikan. (Mon). (370 6441).

MUSIC

London

Royal Philharmonic Orchestra conducted by Jorge Mester. Respighi, Elgar, Sibelius (Fri). Barbican Centre (638 8891).

Royal Philharmonic Orchestra conducted by Martyn Brabbins. Mendelssohn, Handel, Greig, Beethoven (Sat). Royal Festival Hall, South Bank Centre (928 8800).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov. Tchaikovsky (Tues). Barbican (638 8891).

The Philharmonia conducted by Giuseppe Sinopoli. Mussorgsky, Rimsky-Korsakov, Dvorak, Tchaikovsky (Wed). Royal Festival Hall (928 8800).

Paris

The Academy of Saint Martin-in-the-Fields conducted by Iona Brown. Albinoni, Torelli, Corelli, Locatelli (Mon). Chatelet (40282828).

Bavarian Radio Symphony Orchestra. Berlioz (Tue). Bastille Opera (40011616).

Ensemble Orchestral de Paris conducted by Armin Jordan, Martha Argerich (piano) Philip Bride, Christian Creene (violins). Bach, Haydn, Beethoven (Tue). Salle Pleyel (45632073).

Brigitte Fassbaender, mezzo-soprano. Schubert (Tue). Auditorium des Halles (40282828).

Orchestre de Paris conducted by Christoph von Dohnanyi, Alicia de Larrocha (piano). Weber, Mozart, Reich, Strauss (Wed, Thur). Salle Pleyel (45630796).

William Christie, Christophe Rousset (harpsichords). Le Roux, Rameau, Couperin (Thur). Auditorium des Halles (40282828).

Amsterdam

Royal Concertgebouw Orchestra conducted by Myung-Whun Chung, with Shura Cherkassky (piano). Tchaikovsky, Shostakovich (Fri). Concertgebouw (718 345).

Amsterdam Baroque Orchestra conducted by Ton Koopman. Mozart, Bach, Zelenka (Sat matinee). Concertgebouw (718 345).

Alfred Brendel (piano). Haydn, Schumann, Beethoven (Sun). Concertgebouw (718 345).

The Hague Philharmonic with Godfried Hoogeveen (cello), Hans Vonk conducting. Shostakovich (Mon). Concertgebouw (718 345).

Utrecht

Netherlands Philharmonic led by Philippe Entremont (piano). Strauss, Beethoven (Thur). Vredenburg (31 45 44).

Brussels

BRT Philharmonic Orchestra conducted by *Alexander Rahbari* with Ulrike-Anima Mathe (violin). Dvorak, Mozart (Fri). Palais des Beaux Arts.

Mikhail Bezverkhny (violin, viola) and Tchernychov (piano). Shostakovich (Mon). Palais des Beaux-Arts.

RTBF Symphony Orchestra conducted by Alfred Walter with Takako Nishizaki (violin). Dvorak, Rens, Rubinstein (Fri). Maison de la Radio

Quilian Chen (soprano) accompanied by Robert Redaelli (piano) sings Berlioz, Duparc, Schubert and Strauss (Fri). Royal Music Conservatory.

Milan

Riccardo Muti conducting Mozart, Schubert (Mon). Teatro alla Scala (80 91 26).

Garrick Ohlson (piano) playing Chopin (Wed). Conservatorio G. Verdi (76001755).

Rome

Jupiter Quintet. Michele Lot and Pierantonio Casulani (violins) Stefano Pancotti (viola) *Gianantonio Viero* (cello) and Giuseppe Zuccon Ghiotto (piano) playing Shostakovich and Schumann (Wed). Teatro Olimpico (393304).

Madrid

Spanish National Orchestra and choir conducted by Ronald Zollman, with Yvonne Minton (mezzo-soprano). Mahler programme. (Fri-Sun). Auditorio Nacional de Musica (337 01 00).

Madrid Symphony Orchestra, Cristobal Halffter conducting. Halffter, Marco, Mahler (Tues). Auditorio Nacional de Musica (337 01 00).

Guildhall String Ensemble. Anabel del Castillo and Robert Salter (violins). Corelli, Handel, Bach (Wed). Auditorio Nacional de Musica (337 01 00).

Warsaw Sinfonia Orchestra conducted by Krzystof Penderecki. Grigori Zhislin (viola). Honegger, Penderecki, Bartok, Prokofiev.

Barcelona

Orquestra de Cadaques conducted by Edmon Colomer and *Trio de Barcelona*. Altenelle (piano), G. Claret (violin), L. Claret (cello) (Wed). Palau de la Musica Catalana (301 69 43).

New York

Vladimir Feltsman piano recital. Schubert, Karetnikov, Liszt (Mon).

Opera Orchestra of New York. Eve Queler conducting with Marvis Martin (soprano). Tchaikovsky (Wed). Carnegie Hall (247 7800).

New York Philharmonic Orchestra conducted by Zubin Mehta with Anne-Sophie Mutter (violin). Lutoslawki, Bruch, Haydn, Kodaly (Tue); Zubin Mehta con*ducts, Maurizio Pollini* (piano). Beethoven, Webern (Thur).

Chicago

Chicago Symphony Orchestra. Herbert Blomstedt conducting, Yo-Yo Ma (cello). Haydn, Laderman, Dvorak (Tue); Daniel Barenboim conducting with the *Chicago Symphony Chorus.* Wagner (Thur). Orchestra Hall (435 6666).

Tokyo

Sequentia. *Medieval music from* Germany and Islamic Spain (Tues). Casals Hall (470 2727).

Nikikai Chorus, Shinsei Nihon Symphony Orchestra, conducted by Tajjiro Iimori. Opera choruses by Verdi and Wagner (Wed). Suntory Hall (988 1558).

ARTS

Altynai Asylmuratova rehearsing with Jonathan Cope

A museum open to suggestion

In Washington yesterday, Prince Charles addressed American architects at a Gala night at the National Building Museum in the restored Pension Building. The occasion was the "Accent on Architecture" Awards organised by the American Institute of Architects – the 1990 Gold Medal going to Arkansas architect Fay Jones, discussed by Colin Amery last Monday – and the choice of venue auspicious, as the Pension Building has hosted presidential Inauguration Balls since 1885.

Balls apart, the Museum is badly in need of princely lustre. Although open to the public since 1985, the museum has not really got off the ground either as a forum for architectural debate or a significant national museum within the Museum Capitol. Predicated on a conservation issue – a new use for a significant building – rather than a national groundswell of interest in the built environment, the museum highlights an essential problem of the heritage debate. Dodoism – if you don't know what to do with a dying space, redo it into a museum-without-funds – is an international trend that raises as many problems as it solves.

The 1883 *Pension Building* is a fire-proofed Diocletan's palace wrapped in brick-Renaissance. It represents late 19th century confidence in re-addressing the language of classicism to technical issues (General Meigs, its architect, was a military engineer). The great central hall, intended as a planted atrium with its gigantic brick-and-plaster Corinthian columns and central fountain, is spanned by a light factory roof structure of iron and steel. The restrained red-brick exterior, with its regular fenestration based on the Palazzo Farnese, is enlivened by a blond terra-cotta frieze by Caspar Buberl. Naval and military Civil War forces march along the frieze, a tribute to the function of the building, as pension office to ex-service men. Within each corner of the hall, brick fire-proof staircases rise under wide barrel vaults to the arcaded galleries and upper offices.

The National Building Museum was mandated by Congress in 1980. The building, a "National Historic Landmark," was restored in conjunction with the General Services Administration who also maintain it, and is available to the National Building Museum rent-free in perpetuity. All other costs – including staffing and acquisitions – have to be raised from the private sector.

There are other privately maintained museums in Washington DC, such as the Philips and the Corcoran, which fall outside the federal net of the Smithsonian Institution. But most specialist museums – including Washington's newest, The National Museum of Women in the Arts, have arisen in order to house a major existing collection, or are endowed. In this context, the National Building Museum – and director Robert Duemling is eager to stress that it is not a museum of architecture – is an anomaly: a building awaiting a museum to colonise it. Or an anomaly awaiting an inspired programme to activate it.

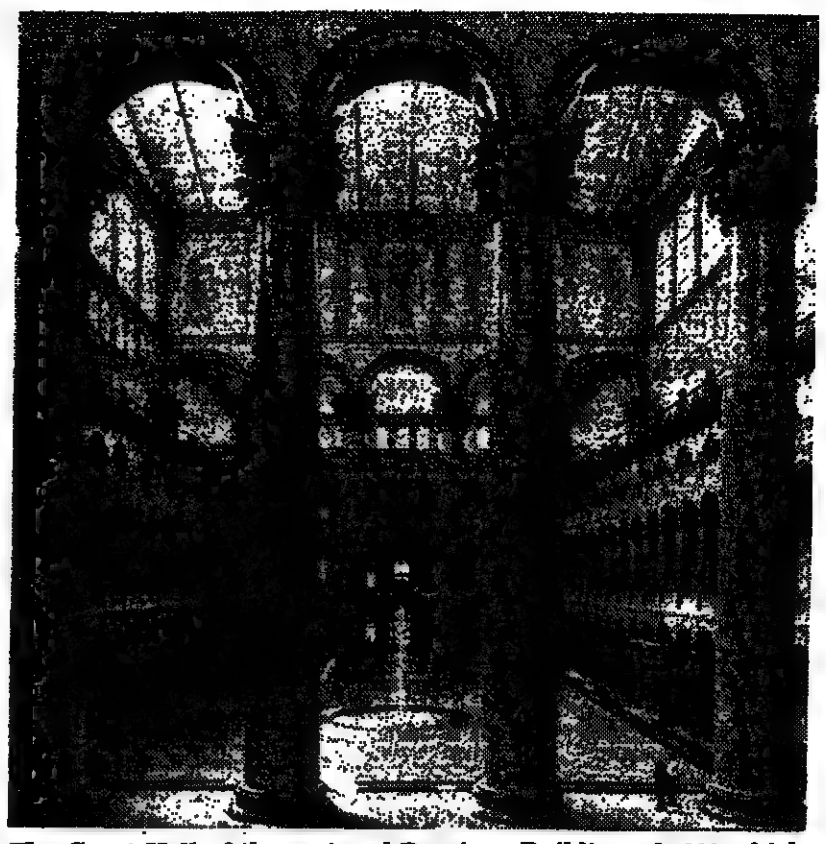
Exhibitions are the obvious expression of a museum-without-archives, and the museum is planning to install four permanent displays, as well as originating an annual travelling show and host guest exhibitions. Acquisitions will relate to these special exhibitions. With the very wide brief of investigating "all aspects of the building process" and constrained by "a somewhat fragile funding situation," the museum needs be responsive to outside initiatives.

The most lively exhibition to date was *Sheet Metal Craftmanship* in 1988, to celebrate the centennial of the Sheet Metal Workers union and funded by the industry, which was given a high-profile by the intervention of Californian architect Frank Gehry. The 1989-90 winter exhibition *Tools as Art* was a showing of the unique John W. Hechinger Collection. Hechinger is a national chain of builders' merchants, and the chairman's collection of bought and commissioned works with the theme of building tools, includes Claes Oldenburg's "Screw Arch Bridge," Hans Godo Frabel's glass "Hammer and Nails" and works from British artists Graham Crowley and Graham Ashton.

The National Building Museum has to maintain a special relationship with other bodies and collections in the field, most noteably the AIA and the National Trust for Historic Preservation as well as the Smithsonian Institution. 1985 The National Building Museum hosted, appropriately, *The Contemporary Terra Cotta Competition* of 1985 with Venturi, Vines and Stanley Tigerman as selectors.

Hosting and displaying major building competitions would seem to be a role for the NBM, though not listed as one of Bob Duemling's priorities. In Britain, this is understood to be one of the major functions of the putative Building Museum which has waxed and waned on the drawing-board for quite some years. Its flirtations with "adaptable" sites of historic importance such as Battersea Power Station should be looked at in the context of Washington's National Building Museum . . . under funded and unmotivated in Utopia.

Deanna Petherbridge



The Great Hall of the restored Pensions Building of 1883 which houses the National Building Museum in Washington

Altynai Asylmuratova

COVENT GARDEN

With Altynai Asylmuratova, you must always begin with superlatives. She is the most original and important Kirov ballerina since Natalia Makarova; and she is, in face and body, the greatest beauty in ballet today. I would love to dwell on those points, but others are more pressing.

On the one hand, her career in the last two years – with guest appearances with American Ballet Theatre and the Royal Ballet, and her performance in *Theme and Variations*, one of the first two Balanchine ballets to have been acquired by the Kirov – has been a triumph of glasnost. On the other, she is starting to become a more conventionally Kirov artist.

On Tuesday, she danced, for the first time in London and for the first time without her mother company, Odette-Odile in *Swan Lake*. She dances it again tonight; I'm impatient to see it again. Only two weeks ago I had grown tired of this ballet: Asylmuratova has led me back to its central issues – its grand tragic scale, Odette's blend of inviolate purity and desperate longing, Odile's mix of siren allure and impenetrable brilliance. Like a master-musician, she knows the grand plan of a role, and the relevance to that of every detail.

Her Odile – a role so often cheaply played – is especially rare. It's voluptuous *and* austere; it has glamour, fun, edge, power and mystery. But the great role is the Swan Queen, Odette, and here she is no less fine. Not a hint of tragedy-queen exaggeration, but everywhere the element of tragic effort that exalts the lakeside scenes. She is *burdened by destiny*, but, in clear stages, she moves proudly from fear to radiant hope.

I adore the immense delicacy and dignity of her walk, the heroic wingbeat of her arms, and oh! that fabulous face. She's a natural dramatic artist who builds every dance and every act to a thrilling climax. *And*, above all, she's simply a great dancer. Gorgeous to feel the sumptuous, pure texture of her every movement and the firm arcs of her every phrase.

And yet this performance was less remarkable than the one I saw her give with the Kirov in Paris in 1987. As Odette in Act 2 then her face was tense, mask-like – like Fonteyn's in the same role – with only the eyes signalling; her Odile was more bleak, more unknowable; and the key to everything was her vivid response to the score. It is customary to revere the Kirov's way with the classics, but very often the Leningrad *Swan Lake* and *Sleeping Beauty* are beautiful, chiselled, artful, colossal, marble and lifeless. Asylmuratova, so musical and alive, was breaking the mould.

But in Leningrad she is not half the star that – inexplicably – the strained, clammy Galina Mezentzeva is, and in the last two years Asylmuratova has grown more like that senior dancer. She shows more strain over fine points, more overt "feeling." Result? Her Odette and Odile are less multi-faceted, less spontaneous.

She danced the Kirov version of the Petipa-Ivanov text for Acts 2 and 3 in all but a couple of details. Interestingly, she was at her most moving in Act 4, dancing in most respects the Royal version of the beautiful Ivanov choreography.

The home team at Covent Garden, as usual for guest appearances, all rose to the occasion. Barry Wordsworth, never a good *Swan Lake* conductor, produced a brisk, dull, meagre account of the score. But as Siegfried Jonathan Cope showed a newly relaxed assurance. His partnering, as ever, was unflustered and handsome, even where handling Asylmuratova in the unfamiliar Kirov version of the text. It is increasingly painful to accept that, in his mid-twenties, he and Maria Almeida have announced their retirements for this summer.

Alastair Macaulay

The Crucible

ROYAL ACADEMY OF MUSIC

Not Arthur Miller's excellent play, unfortunately, but Robert Ward's operatic version of it, a real little stinker. One always wants to welcome revivals of obscure operas, but it did seem a pity to resuscitate a 1961 piece which left to its own devices would be decently, unarguably dead.

That's largely because its devices were already moribund 30 years ago. The idea behind making *The Crucible* into an opera seems merely to have been to transfer a successful play to the operatic stage – with fewer words, of course (and often worse ones). The subsequent musical filling-out is professional hand-me-down, naively eclectic, ludicrously reliant upon two-bar phrases instantly repeated: like Poulenc without the talent. Also like American neo-Hindemith, and equally like an academic pastiche of a Broadway musical.

The characters are grossly simplified, which is perhaps par for the operatic course, but it was disheartening to find no evidence that anybody had asked himself whether, and how, it could be possible to translate a play about stiff-necked, tight-lipped New England Puritans into an all-singing show. You may recall that it concerns the 1692 witch-trials in Salem, Mass., and that its stiff-necked, tight-lipped hero John Proctor, falsely accused, finally abandons his chance to escape hanging because he cannot bear to sign his *name* to the agreed "confession." that would save him. The crowning horror of Ward's version is having this *dénouement* bawled fortissimo and at length over a triumphant *Quo Vadis* ending, pure sub-Wagnerian Hollywood – or more precisely, sub-Rózsa.

Suddenly one realised that it just didn't matter that Roger Langford's Proctor was an awkward, moody stripling, more Alain-Fournier than Miller: at least his vital baritone lent some feeling to the crass music. Emily Bauer-Jones played his wife almost as stiffly, but with the same saving virtue. Among the large cast deserving praise are the rich, musicianly contralto of Hilary Summers (a real Ferrier sound), the fine tenors – respectively lyric and declamatory – of Julian Jensen and Niall Morris, and above all the intelligently rounded, beautifully sung performances of Neal Davies as the inquisitor-with-a-conscience (dramatic bass) and the soprano Nicola Kerr as the reluctant accuser Mary Warren.

As naughty Abigail, Bethan Dudley had striking patches and archly silly ones. Nothing more was possible, since she was made to boast the airs and scarlet lipstick of the sexy local beautician – where it's crucial to the action that the "bewitched" girls should seem guileless rustics. The producer Jamie Hayes presented them all as vampire-sirens even before the music began, thus reducing the play to a Hammer-film tale. But for this opera, why not? As conducted by James Holmes it sounded continuously *busy*, but where one might have expected some fraught suspensions and silences; so little of the music has enough intrinsic character to enforce any particular tempo, however, that getting through it as expeditiously as possible was the best option.

David Murray

Love Story of the Century

RIVERSIDE STUDIOS

Two lone women in a kitchen, and this is *Love Story of the Century*? No, the women aren't in love with each other. About 80 minutes long, Monstrous Regiment of Women's new production is a modern wife's revisionist rewrite of *Frauenliebe und leben*. It falls into three roughly equal sections. Woman as wife to alcoholic; woman as wife; woman.

The title is that of a long poem by Marta Tikkänen, which has been already dramatised in Germany and the US. In Clare Venables's new adaptation, which gave the poem its British stage première on Wednesday, the two women speak like halves of a chorus. What they have to say is urgent, deliberate, writerly – better poetry than drama, and better feminism than poetry. Long sentences, many subordinate clauses. Each woman uses mainly the present indicative, and speaks of her situation now in the first, now the third, person singular. "You" is usually the husband. Sometimes the women reiterate each other's material, as if their tales were Everywoman's; sometimes their passages crosscut each other like a Picasso woman, half full-face, half profile.

The first section, which draws on acute knowledge of life with an alcoholic husband, *has the greatest force*, the sharpest detail. It is, however, hard to be enthralled by the utterances of two women in a kitchen addressing, top thin air, lines like "She it is who's sitting there, like the spider in her web. Oh Jesus!" And, in the central section, "Long have I felt the danger that is hanging over you and me." The piece works better as theatre when it shows less writer-consciousness, when the stage action adds layers of meaning to the words and when the (non-)interaction between the women achieves certain kinds of irony. In that central section, a flood of white roses, tumbling from an upper cupboard, symbolises the effusiveness of love past. (""This is one of the greatest love affairs of the century,' you said.") Then, when one woman later talks of humiliation, the other de-heads the roses bitterly and places the empty stems in a vase.

The two women, Gillian Hanna and Mary McCusker, both have good passages – the dashes of wry humour, as in "You try to be really friendly when you hate," are very welcome – but they have been directed by Debbie Shewell to speak with teacherly analytical clarity. This is more fair to the poem than to an audience. Lucidly, they trace a rising graph that is too predictably correct as doctrine to make interesting theatre. This man has blighted my life with his alcoholism; I am married to him but I still have life and needs; I am a woman, one who knows now the history of women past, one woman among many today, and I can change myself and everything. At the end, one woman bursts at last into action on the typewriter on her lap, and the other unshutters a window that had been closed throughout. This is not really a play, it's a diagnosis and prescription. Follow its plan and you too will be cured.

Alastair Macaulay

Judith Howarth

COVENT GARDEN

It is a perennial complaint that large opera companies do not do enough to encourage their young singers. The Royal Opera has responded vigorously to the charge in the last year or two and their series of "Young Artists in Recital" is a *splendid* way to provide a platform for promising voices.

The soprano Judith Howarth has already grasped one major opportunity when the role of Gilda in the recent revival of *Rigoletto* came her way earlier this season. But her Tuesday lunchtime recital in the elegant surroundings of the Crush Bar was in its own way no less of a test.

When the comforting support of an orchestra is taken away, this voice has nothing to fear. The singing is remarkably firm and true. Around the top of the stave, where many sopranos sound uncomfortable, Miss Howarth is at her gleaming best, though a tendency to *squeeze the tone on individual* notes means that phrases do not always emerge as the expressive statements that they should.

There is a penalty to pay here. Purcell's "Music for awhile" failed to come alive; and the opening phrases of Duparc's "L'invitation au voyage" similarly moved in a controlled fashion, step by step, where they should soar in yearning, while French *mélodies* really demand a greater range of colour as well.

If this suggests that the recital was uninteresting, the impression would be false. The personality is too bright and forward for that, the singing *often simply too beautiful*. Songs by Verdi and Britten's cycle *On this Island* completed the programme and in all of them the ear kept being caught by lines that sounded more radiant than they have before, a purely vocal commendation that should keep Judith Howarth in the front rank of her generation.

Richard Fairman

The Mikado

COLISEUM

With a flourish on the white grand piano and a twirl of its twenties' skirts Jonathan Miller's production of *The Mikado* takes the stage once more. Altogether it makes a fairly ripping evening and the only trouble is that the concept sometimes strays so far from the original that it risks losing *all contact with the true glory* of the piece, the lyrics of W.S. Gilbert.

For Miller, the "object all sublime" is to make the production fit the rhyme. There is no place for Japanese niceties. The show has been whisked off to a setting no less remote, in the form of a chic, all-white hotel in the roaring twenties, where the English customs of a generation past can be ridiculed as easy sport. The Mikado is apparently partial to golf and the stage is periodically invaded by a team of jolly-hockey-sticks schoolgirls straight out of St Trinian's.

To this hotel have come a few new guests for the present revival. The diminutive Nanki-Poo of Barry Banks, with rosy lips and *kiss-curl*, sweetly sung, has arrived in search of his delectable Yum-Yum, Lesley Garrett. To make up the three little girls from school she has acquired a couple of new friends this time round in Helen Kucharek and Elizabeth McCormack, the latter a delightful Pitti-Sing, all gangling limbs and adolescent grimaces.

The big entrance of the evening, though, is reserved for a singer who has been absent from ENO for a couple of seasons. Preceded by enough hatboxes to keep Imelda Marcos in style for at least a month comes the Katisha of Sarah Walker, a sharp comic stylist, who knows that you need no more than a nudge of the left elbow or kick from the right heel to make the humour work – except perhaps a Clara Butt boom in the voice. The singing does not really dominate as it *should*.

With Richard Suart a splendid Ko-Ko the cast has no weak links. Justin Brown makes his formal debut with the company in the pit. Whatever doubts one may have about the production, the company has rehearsed its singers to the highest level of comic teamwork. With New Sadler's Wells Opera gone and the Savoy Theatre in ruins, the Coliseum looks to be the last refuge for G&S for quite a while.

Richard Fairman

ARTS GUIDE

February 23-March 1

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the the most recent of modern international art. It is a curatorial triumph.

The Tate Gallery. Joseph Wright of Derby – a full study of the work of one of England's most distinctive painters of the *18th* century, yet one, like his close contemporary George Stubbs, too often dismissed as a mere provincial. His masterpiece is undoubtedly his great composition The Experiment with an Air Pump, which sits at the heart of the show and stands as an extraordinary compendium of all the doubts and certainties of the Age of Enlightenment. Daily until April 22, except Bank Holidays; sponsored by The British Land Company.

The Barbican. Scottish Art Since 1900 – a brisk and effective celebration of what has always been a most vigorous and distinctive national school, yet one which has for far too long been not so much under-rated as underknown in the southern Kingdom. There are still gaps and over-rapid transitions, but the show nevertheless makes its point very well. Daily until April 16; sponsored by Flemings.

The Royal Academy: Frans Hals – the great retrospective of the work of one of the greatest painters of the 17th century Dutch school. Until April 8.

Paris

Grand Palais. Soliman Le Magnifique. A treasure trove of goldsmiths' work, miniatures, ceramics and textiles recalls the splendour of the reign of Soliman "the shadow of god on earth", whose Ottoman Empire stretched in the 16th century from the Caucasus to the gates of Vienna and from Algeria to the Persian Gulf. Deep blue, red and green, patterned with gold shines from a portrait of Soliman. Arabesques wind and unwind in manuscripts, flower motifs combine with peacocks and dragons on blue, white and turquois plates and dishes. Closed Tue. Wed late closing, ends May 14 (42896410).

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends March 18 (40513838).

Musee d'Orsay. The Fragmented Body. Parts of the human body, or the incomplete body form the leading strand of an exhibition-beginning with ex-votos and reliquaries and culminating ina celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814).

Centre Georges Pompidou. Pavel Nikolaievitch Filonov. A solitary figure of the Russian avant-garde, he refutes cubism and futurism as contrary to nature's – and art's – organic development. "Every atom" of the surface of the 50 paintings and 150 drawings is given intense attention and basks in the light of idyllic harmony in cruel contrast to his own destiny. Closed Tue, ends April 30 (42771233).

Brussels

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March.

Musees Royaux D'Art et D'Histoire. The Enigma of the Easter Islands is partially deciphered in this exhibition of photographs and artifacts. Closed Monday ends April 29.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1938-1983, the larger of which are seen to excellent effect in the courtyard of the 15th century castle, while the smaller bronzes, preparatory studies and drawings are shown inside, in the beautifully lit Sala Viscontea. Ends March 25.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1958 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogs and Multitudes. Ends March 19.

Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Fundacion Juan March. Ian Woodner collection of works by Odilon Redon. A very complete exhibition consisting of some 100 works in various media, illustrating the different aspects of the French symbolist painter's work. Ends April 1.

Museo del Prado. Following the highly successful Velazquez exhibition at the Metropolitan, the Prado is now host to the largest show to date of works by the great 17th century artist. Fifty of the 80 paintings at the exhibition belong to the Prado, the rest have been borrowed from various collections around the world, and in some cases are being shown in Spain for the first time. Ends March 15.

Barcelona

Palacio Tinel. Baroque Painting in the Mediterranean. The Italo-Spanish festival brings together 60 17th Century works belonging to Spain and Italy. Velazquez, Murillo, Rubens, Van Dyck, Claudio Coello, Testa, Cavallino are but some of the great artists whose works can be admired. Ends March 30.

Hamburg

Kunsthalle Glockengiesserwall. Ian Hamilton Finlay with works from the French Revolution. Ten of the Scottish painter's projects including reliefs and 40 graphic works are on show until Feb 28.

Munich

Städtische Galerie im Lehnbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rottluff, who died in Berlin in 1976, was strongly attacked during the Nazi years.

Mainz

Landesmuseum. Marc Chagall (1899-1985), who died in 1985 was one of the most polular artists of the 20th century. Around 106 of this works, not shown in public before are to be only seen in Mainz until April 22. The gouaches, watercolours, pastels and paintings present themes of the old testament.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Centre for International Contemporary Arts. Large-scale works in pastel and compressed charcoal by 31-year-old British artist David Oliphant, is the first of a series of four shows of young British artists slated for this new, well-received arts institution. Ends April 21.

Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementoes and personal effects of the Great Emancipator.

Tokyo

Suntory Museum. Mission to Rome. In the early 17th century a feudal lord from northern Japan despatched a mission to the Pope asking Christian missionaries to come to Japan. This fascinating exhibition documents the failure of the delegation and the subsequent ban on Christianity that was to last over 200 years. Closed Tuesday.

Teien Museum. German Romantics. Loan exhibition from Dusseldorf – stronger on mid-19th century academic painters than on visionaries such as Friedrich and Bocklin. This museum is a former palace and has a superb art deco interior and a pleasant garden for strolling in. Closed Wednesday.

SALEROOM

Watch goes for a record

A couple passing Sotheby's Bond Street saleroom last year when visiting London for their eleven years old son's birthday treat decided on the spur of the moment to have a family heirloom, a platinum moonphase calendar watch made in 1935 by Patek Philippe, valued. They were amazed to be given an estimate of up to £200,000. They were even more amazed yesterday when the watch sold to a Far Eastern buyer, bidding on the telephone, for £308,000.

It was the highest price ever paid for a watch in the UK, and is close to the record auction price of £330,000 paid for a recently made Patek Philippe commemorative watch last year in Geneva. Only three platinum models of the moonphase watch are known to exist and in 1935 it sold for SF 1135, about £400.

The clock and watch sale totalled £1.24m, with 10 per cent unsold. A Thomas Tompion ebony veneered bracket clock with its oak travelling case, made around 1700, doubled its estimate at £165,000 probably because it is rare for the case to have survived.

Contemporary art is proving a strong market and Sotheby's sale yesterday brought in £3.85m with only 6 per cent unsold. A record price of £231,000 was paid for a 25 inch high bronze of an insect, "La mante," by Germaine Richier, which had a top estimate of £35,000. The same European buyer bought another bronze by Richier, "La sauterelle," for £187,000, also way above forecast. A Lucio Fontana slashed white canvas "Concetto spaziale" sold for £231,000 and another artist record was the £57,200 for "Untitled," an abstract by Eduardo Arroyo.

On April 4 in London Sotheby's if offering 39 sculptures by Rembrandt Bugatti which come from the collection of the film star Alain Delon. It is the most important group by this animalier sculptor to appear at auction, and should make £3.5m. Delon has been buying Bugatti for 20 years and feels that he has completed all possible acquisitions in this field. The top price is likely to paid for a unique 1906 bronze of Chinese stag and does, estimated at up to £300,000. Bugatti is best known for his cats, and a pair of panthers dating from 1904 carry a top estimate of £150,000. Elephants, pelicans, wolves and greyhounds are included in the menagerie.

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Friday February 23 1990

Competition in arms

EVER SINCE arms-making was organised on a modern industrial footing, it has enjoyed privileges accorded to few, if any, other businesses. National security, governments' large financial commitments to defence industries and the economic importance of arms exports have all served as pretexts for sheltering military contractors from the full force of market disciplines.

However, this cosy existence is increasingly called into question by the diminishing threat of large-scale military conflict and the escalating costs of modern weaponry. As western governments discover that they either do not need, or cannot afford, high levels of defence spending, they face pressure to re-define traditional supplier relationships.

The latest evidence is this week's broad agreement by nine countries belonging to the Independent European Programme Group (IEPG) on mechanisms to permit cross-border bidding for defence contracts. However, the accord looks like a grudging response, intended mainly to pre-empt European Commission efforts to apply to arms the liberalisation measures it plans for other areas of public purchasing. So far, IEPG members have committed themselves only to publish information about bidding opportunities, without any obligation to observe competitive rules or external supervision.

Still worse, countries buying from suppliers elsewhere in Europe would, initially at least, be guaranteed a share of the latters' home market. This provision, inserted at the insistence of southern European governments, amounts to anti-competitive market sharing which would deprive contractors of incentives to improve efficiency.

Better value

The fundamental problem is that, as customers, European defence ministries want the better value which only freer international competition can provide; as industrial sponsors and custodians of national security, they wish to protect national champion supplier industries. Yet the two objectives are irreconcilable.

Even Britain, the strongest advocate of liberalising European defence procurement, does not yet seem to have resolved this dilemma. By acquiescing last month in GEC's takeover of Ferranti's radar business, the Ministry of Defence signalled that, in the last resort, it is prepared to sacrifice competition to preserving industrial capacity.

However, Britain, along with France, may have little choice in the longer term. Defence industries in both countries are too big to survive on orders from their national governments and badly need access to larger markets. While the US defence market remains largely closed to foreign bidders, pressure to remove national barriers in Europe can only continue to grow.

More dynamism

European defence contractors are well aware of the logic of the situation and have been busily forming alliances and joint ventures across frontiers. Such restructuring is beneficial if it encourages the emergence of a more dynamic industry. However, as long as national markets remain closed, there is a danger of collusion between large, national champion producers intent on pre-empting competition, not on promoting it. Few effective safeguards exist against that risk. National competition rules have often been loosely applied to defence, while the Rome Treaty allows member governments to exclude the sector from European Community law. Yet, much as defence ministries may resent Brussels' intervention, there are good reasons to give it a bigger say.

The overlap between defence and other industries is growing. Military electronic components are increasingly interchangeable with civil ones and are often made by the same companies, many of which are rapidly diversifying into unrelated fields. In these circumstances, exempting defence manufacturers from the sanctions of the EC's single market – and particularly from Community competition policy – appears anomalous and likely to provoke economic distortions. By 1993, mounting budgetary pressures may have made that conclusion obvious to Europe's defence ministries.

Cuba's tough path ahead

THE WAY things are going Fidel Castro looks set to become the last revolutionary leader wedded to marxist-leninism. He has responded to the events in eastern Europe with characteristic bravado, reaffirming his faith in the beliefs which have guided his Cuban Revolution for the past 31 years.

Any suggestion that he is willing to embrace the reformist path of his former communist allies in Comecon has been scotched by last week's shake-up in the Cuban Communist Party apparatus and other leading government institutions. The Cuban leader still seems convinced that the solution to the island's many problems lies in "rectification" – making the existing system work better rather than opening up or changing it perestroika style.

This is not surprising since he has been responsible for forging the unique mix of nationalism and socialism that always made Cuba an odd fit in the communist world. Although he retains the power and the charisma to carry off any change, there are no historical parallels of a leader in his position performing such a *volte face*. The most he can do is to soften his ideological stance, prepare the ground intelligently for a successor and ensure the population's discontent remains passive.

Ambiguous thinking

Despite all the public bluster, there are signs of his putting less emphasis on Cuba's communism and reverting to the more ambiguous – and in Cuban terms authentic – thinking of the island's 19th-century national hero, Marti. Last week's decision to streamline the party is the first positive move to push forward a new generation so that the remains of the old guard, identified with the 1959 Revolution, are less influential. As it is, the succession has become a far more open issue in the wake of the scandal created last year by the discovery of top army and interior ministry figures involved in dealing with the Colombian drug cartels.

However, no amount of tinkering with the political system can minimise the uncertainties that lie ahead. This is why the absence of any significant organised protest has to be treated with caution. President Castro's room for political manoeuvre is reduced only in part by political change abroad. The biggest constraint is the precarious state of Cuba's economy.

Support cushion

Cuba has survived an aggressive US economic embargo thanks to a population willing to put up with great hardship and a cushion of Soviet and Comecon support. Without such support it would have been impossible for President Castro to achieve the impressive results in education, health care and the elimination of poverty. But even before the upheavals in eastern Europe it was clear Cuba's centrally planned development model, underpinned by barter trade and subsidies, had run into the ground. Now Cuba is left on a limb with 87 per cent of its trade locked into a disintegrating bloc thousands of miles away. Its principal ally, the Soviet Union, is fast losing strategic interest in the island as a consequence of détente. At the financial level, the Soviets have scarce means to underwrite the economy. Thus Cuba faces the prospect of an economic slowdown with serious social consequences.

The Soviet Union will continue to need Cuban sugar, nickel and citrus in the short term. Although it may be forced to reduce aid to Cuba, Moscow cannot easily abandon President Castro in these circumstances, especially while the US embargo remains. The Soviets themselves arguably have little leverage to persuade the US to rethink its bogeyman view of revolutionary Cuba. President Castro could help himself by making concessions to political pluralism and renouncing support for Latin American guerrilla movements; but Washington has yet to reveal whether it will settle for anything less than the Cuban leader's capitulation. The entrenched positions of Havana and Washington may protect *amour propre* but they bear no relation to the more rational world order that is emerging. This can only harm two nations which logically should live closely together.

Andrew Fisher reports on the mood of East Germany's people and industry

Haunting clouds of uncertainty

Everywhere in the two Germanys, the talk is of bringing the free market to the deprived economy of East Germany. People in the drab East German streets, managers and officials on both sides of the border, and economists mostly agree that without a rapid unlocking of the Stalinist shackles, there will be no appreciable rise in living standards, no discernible increase in efficiency, and nothing to stop people rushing to the West.

But the way to a free market economy, with a strong social underpinning to help the unemployed, the old, and the disabled, will be tough. Most agree on that, too. Two images from East Germany show how difficult the transition is likely to be.

Scene one: A big store near East Berlin's main railway station. As the usual morning crowd piles in after waiting for the doors to open, a young man in a green anorak remarks: "Now, we've got something to buy at last." The word goes round the crowd that western goods, including televisions and washing machines, are on sale.

But up on the third floor, the group near the TV counter has become irritated. A manager explains that the western sets have not yet arrived. "Typical," says a woman, expressing the feelings of those who for decades have had only a limited range of mostly poor quality goods to buy. The manager says three TVs are being tested – "What for?" snaps a sceptical customer – and that Grundig, Nordmende, and Philips models should arrive soon, though he cannot say when.

Scene two: a railway bridge in Bitterfeld, a grimy town known as the dirtiest in Europe. From a factory which turns brown coal into briquettes, a fierce blanket of smoke surges into the atmosphere. Across the nearby park, a thick cloud briefly blots out the sky and chokes anyone under it. An old lady complains bitterly about the pollution, the lack of goods in the shops, and the smoke dirtying washing hung out to dry.

From the next bridge, the view is even more depressing. As far as the eye can see, grey, brown, and yellow smoke streams from the complex of plants that make up the Chemie Kombinat Bitterfeld. Across the railway lines, the houses are old and crumbling, the streets pitted with holes, and piles of coal briquettes clutter the pavement.

It looks like the worst excesses of the Industrial Revolution in Britain. "For 40 years, nobody has done anything to clean up the factories," says a school teacher. "We still don't know the true facts about the pollution," she adds. "They've been published in the West, but not here." A few kilometres away, where the coal has been gouged out by excavators, the landscape looks like the surface of a dead planet. The lack of consumer goods is one thing that annoys people as they wait for political change to be translated into higher incomes and living standards. The dirt is another. But there is also fear and uncertainty – about the impact of the move to a free economy on jobs, through the closure of inefficient plants and the need to curb pollution; on rents (now highly subsidised); and over what will happen to savings and cash of nearly 180bn East German Marks after currency union.

Concern about savings has already prompted many people to cash some of them in and stock up on goods, depleting many shops of products like washing machines. These were East German models. Buyers were too impatient to wait for western ones, feeling that a currency conversion rate less favourable than one-for-one – one D-Mark currently buys three or more East German Marks – might devalue their savings overnight. It is the same impatience that has led nearly 100,000 East Germans to pour into West Germany so far this year.

Bitterfeld, known as the dirtiest town in Europe: 'For 40 years nobody has done anything to clean up the factories'

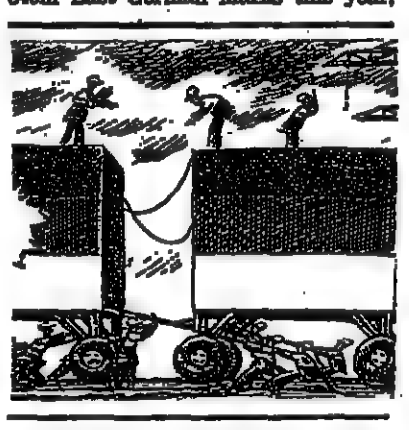
Mr Hans-Dietrich Genscher, West Germany's Foreign Minister, offered reassurance when he visited his birthplace of Halle, part of the bleak industrial region that includes Bitterfeld, to give a speech ahead of the March 18 election for the local Free Democrats. He told his audience of nearly 70,000 people packed into the market square that the market economy would be accompanied by measures to alleviate the social consequences and to rein back pollution.

"A currency union has to come, and now!" he proclaimed. "It has to come so that good work produces good money. It has to come so that savings are secure." For many of the audience, that was the real point rather than the comments about a stable Europe, the urgency of forging ahead with disarmament in the East and West, and the need to reassure uneasy neighbours such as Poland about the consequences of unity.

The dilemma for policymakers, managers, and citizens alike is that while the move to a single Germany in political and economic terms needs to happen quickly if the exodus is to stop, too rapid a change is likely to prove unsettling and even dangerous. "We should have a prepared changeover," believes Mr Henning Rost, head of the large Mansfeld Kombinat which is involved in mining and metals.

The Kombinat, employing 46,000 people, is based near Halle in Eisleben, where Martin Luther was born. At the Kombinat headquarters near the house where Luther died, Mr Rost, 48, describes how the group was restricted, though not totally so, under the old regime, and how he hopes matters will change. By closing down inefficient mines, where the copper has become too costly to extract, and shutting smelters which pollute too much, Mr Rost aims to put Mansfeld on a sturdier footing.

The closures will cut profits by 340m East German Marks this year,



ROAD TO UNITY

more than a third of the profits that the Kombinat remitted to the East Berlin Government last year. Like other concerns, Mansfeld has had to pay monthly, thus sharply curtailing its financial freedom. The state, after consulting with the company, set the financial and production targets and laid down what Mansfeld could have back for investment. The amount that can be invested without approval is 20m East German Marks, though it used to be only 5m.

Clearly, this restrictively bureaucratic method of operating will change. Mr Rost has ambitious plans for investments of around 1bn Marks – "I assume they will be D-Marks" – in the next few years to modernise plants and move into areas where he sees big prospects in a reviving East Germany. These include construction, vehicles, and packaging, all of which could provide growing markets for Mansfeld's metals, especially aluminium. In the past, the state had banned the use of aluminium in construction because it was too costly.

But there are big uncertainties. Mr Rost is discussing joint ventures in selected areas with western companies, and has linked with Frankfurt-based Metallgesellschaft to modernise and clean up Mansfeld's copper smelting. He also wants to run the Kombinat as a holding company, attracting outside capital for its separate activities. Yet he is worried that the process of change is too fast. "A prepared change is better than an immediate break."

He hopes those who lose their jobs through closures can be taken on by nearby companies or supported until they find jobs elsewhere. He wants to build up funds to help finance this.

Managing the transition will be a back-breaking task for people like Mr Rost, now head of the Kombinat for three months. "People have to relearn," he comments. "Me, too. It's true of everyone. We have got to learn new ways of thinking and working."

Mr Erwin Rohde, 62, an economist who heads the international finance department at East Berlin's Humboldt University, talks in unashamedly capitalist terms when comparing the old command economy with its likely replacement. "The plan is wishful thinking, while the market is an objective regulator." His book, Banks, Bourses, and Currencies, is the only one on the subject written in East Germany. "Few people used to take much notice of it. Now, it is right in fashion."

It was Mr Rohde's job to educate the managers and officials who needed to know about western, free market methods and financing so that they could work in business and trade organisations. It was not always easy to get students to understand capitalism, he says, because they were not living in the system.

But now that the old plans are being thrown out, he believes a quick currency union with West Germany is the only way to achieve change which is both fast and manageable. His recipe is a one-for-one conversion of East German Marks into D-Marks, which he thinks should occur by May at the latest. Since East German productivity is estimated at around half that of West Germany, the proposal is a radical one, not likely to be fully accepted in Bonn by business or by West German citizens.

Mr Rohde argues, however, that a one-to-one rate would encourage enough people to stay. East German workers could be paid some 60 per cent of the pay of their western counterparts, the gap being narrowed as levels of efficiency moved closer. "Once the shops are full of goods from the West, workers will be able to buy things, though not as much as skilled workers in the West."

He reckons that productivity in East Germany could improve by up to 15 per cent a year, with some plants reaching western levels in three years.

Other economists in the East and West are less optimistic, though they generally agree that the workforce is well trained, educated and capable of being more productive. Mr Rohde points out that parts and material shortages often held back output in an economy ossified by too much planning.

Also holding back the state companies was the rigid condition that they should be largely self-sufficient, producing much of their own machinery. "This led to a huge cost explosion and an over-concentration of activity within the Kombinate," says Mr Rohde. Mr Peter Dähne, who runs the East German operation of Westdeutsche Landesbank, says: "The Kombinate had an enormous vertical integration, though this striving for autarky. Now, there will be a chance to build up supply industries."

Not all East Germany's state companies will survive, certainly not in their present form. Some will be split up, others slimmed down, and others sold off or closed. It will take time to assess which ones are worth saving, since East German accounting and pricing methods are very distorted by western standards. There are no properly audited accounts, subsidised domestic prices differ widely from international ones set by the market, and most foreign trade has been monopolised by the state.

None the less, says Mr Rohde, "not all of the companies are useless, but they must lose some fat." Two of the most often cited as go-ahead and expansion-minded are Robotron, the electronics Kombinat, and Polygraph, the printing machinery concern which has just bought a US operation. East Germany is also advanced in textile machinery.

Many new small and medium-sized companies should also spring up once the prohibitive tax laws have been changed and more economic freedom is allowed.

But before this happens, fears must be erased. "The period before capital really flows in has to be bridged with social help for the large numbers of jobless," says Mr Dähne. "But then, in three to five years, I can imagine a real economic miracle."

OBSERVER

Strange man, Walters

■ Sir Alan Walters, the former part-time economic adviser to Margaret Thatcher, yesterday made his first public appearance in Britain since the resignation of Nigel Lawson as Chancellor last October.

Walters introduced the session on Money in an Integrated World Economy at a gathering organised by the Cato Institute of Washington and Britain's Institute of Economic Affairs. He said he was not going to say very much and that those who were "licking their chops for something juicy" would go away disappointed.

He recalled that he had been described as a Rasputin-like figure in the wake of last October's events, which included his own departure as well as Lawson's. It was when he tried to define this term that he showed how difficult it can be to meld economics and humour.

According to some, Walters said, Rasputin poured theories into empty political vessels. That could not apply in his case because the Prime minister was no empty vessel. Indeed, she had too many ideas.

A close friend had pointed out that Rasputin was a sexual athlete. Walters said that he had mentioned this to his wife and had been assured that the label did not apply.

He then recalled that The Economist had said he was one of the best transport economists. Letting his imagination rip, he asked whether the task of a Rasputin transport economist would be to devise how to get with great rapidity from one sexual orgy to another.

At this point, Walters observed that if yesterday's meeting were a sexual orgy, it was a very odd one. He invited the sober suited and predominantly male audience to pinch themselves to make sure of where they were.

This flight of fancy did not go down too well. The US banker who stood up to speak afterwards looked distinctly unhappy.

Walters found his old form later, however, when the discussion turned to European monetary matters. He said that it is possible to think of worse systems than the EMS, but it takes some time.

Kohl's record

■ Chancellor Kohl is going for a place in the East German hit parade. The West Germans Government is releasing 100,000 records, and the same number of cassettes, of his speech the Bundestag last November containing his 10 point plan for German unity. His speeches in Dresden and Berlin after the re-opening of the Brandenburg Gate are on the other side. Copies will be available free to East Germans.

Sharp move

■ When it comes to Hong Kong, rules are made to be waived. Margaret Thatcher has personally approved the appointment of Sir Gordon Manzie as chairman of a new company, Anglo Japanese Construction Limited, within days of his retiring from the civil service as Second Permanent Secretary at the Department of Environment and Chief Executive at the Property Services Agency.

There is nothing untoward about this, but it is highly unusual. Retiring Permanent Secretaries are normally obliged to wait at least three months before taking up an outside appointment, but there is a clause in the rules that allows the Prime Minister to make a dispensation if it is thought to be in the national interest.

Anglo Japanese Construction is a joint venture between Costain, Mitsui and Trafalgar

"What if the EC applies sanctions to us?"

House. It is being set up specifically to bid for the new airport, port and infrastructure works in Hong Kong.

Manzie was picked out for the chairmanship even before he left the civil service at the beginning of this month. His qualifications include having negotiated the Castle Peak power station in Hong Kong and the Daya Bay nuclear plant in China when he was at the Department of Industry in the early 1980s.He was also associated with bringing the Nissan plant to Britain.

Manzie will be a part-time executive chairman at Anglo Japanese, giving the consortium one or two days a week, much of it travelling. He would not be averse to having another job to do with Scotland – his Scottish tones must have been among the strongest in the civil service.

Popular sale

■ Not much grief in Calgary at the Canadian government's decision to sell its shares in Petro-Canada, the country's biggest domestically-owned energy producer.

Although Petrocan likes to call itself the People's Oil Company, plenty of people would prefer that it had not been created 15 years ago as Ottawa's "window" on the energy industry. To many Albertans, Petrocan has been Ottawa's favoured son, using taxpayers' money to buy up companies that did not need to be bought (including a chunk of BP's Canadian business). "I'll push my car a mile rather than fill up at a Petro-Canada gas station," ran one bumper sticker.

Feelings ran especially high in the early 1980s, when Petrocan seemed to be spared the worst effects of the recession. The company put up the tallest office building in Calgary in the depths of the slump. Nicknamed Red Square, the rust-coloured office block is not fully let to this day.

Mystery still surrounds Petrocan's purchase of Petrofina of Belgium's Canadian assets in 1981 at a price almost everyone else thought was too high. The Government has blocked one request after another by Canada's public accounts watchdog for access to secret cabinet documents dealing with the sale.

Petrocan's image has improved in the past few years, thanks partly to some clever television advertising and its sponsorship of popular causes, notably the 1988 Winter Olympics in Calgary. Despite its earlier image problems, the company's first public share issue – expected later this year – will probably be a sell-out.

No flying

■ Michael Rayner, the 52-year-old Heathrow farmer who lost his claim against the British Government about airport noise at the European Court of Human Rights this week is a man who practises what he preaches. Yesterday he was unavailable to comment because he was travelling back from Strasbourg by car and hovercraft.

POLITICS TODAY

Revenge of the local councillors

By Joe Rogaly

What a pleasure it is to observe the panic among the Conservatives as they wake up to the enormity of the poll tax. One of life's little delights is to see politicians who have compounded foolishness with obduracy suffer the consequences. This is particularly just in the case of the community charge, which is a singularly negative piece of social engineering, since it is expressly designed to penalise the poor if they vote for policies requiring more than a modicum of expenditure on alleviating the effects of poverty. As a flat-rate, and therefore regressive, tax it is inherently wrong.

The question asked of the Prime Minister by the Conservative MP for Devon North, Mr Antony Speller, has already earned its place as a footnote in contemporary political history. "What has gone wrong with the arithmetic relating to the community charge in England?" Mr Speller wanted to know of the leader of his party on Tuesday. "I hope," the Prime Minister replied, with magnificent indifference to the hilarity of her words, "that Conservative authorities will maintain their present tradition of prudent budgeting and well-managed services." Of course they will. The joke is that even if they do the poll tax is likely to hit Conservative MPs where it hurts, in the ballot box. For it will be seen to be much higher than the Government said it would be, and it is the Government that will be blamed. One reason is that the figures for the amount that should be charged have been calculated under the Treasury's glaring eye, on the basis of an inflation rate of 4 per cent.

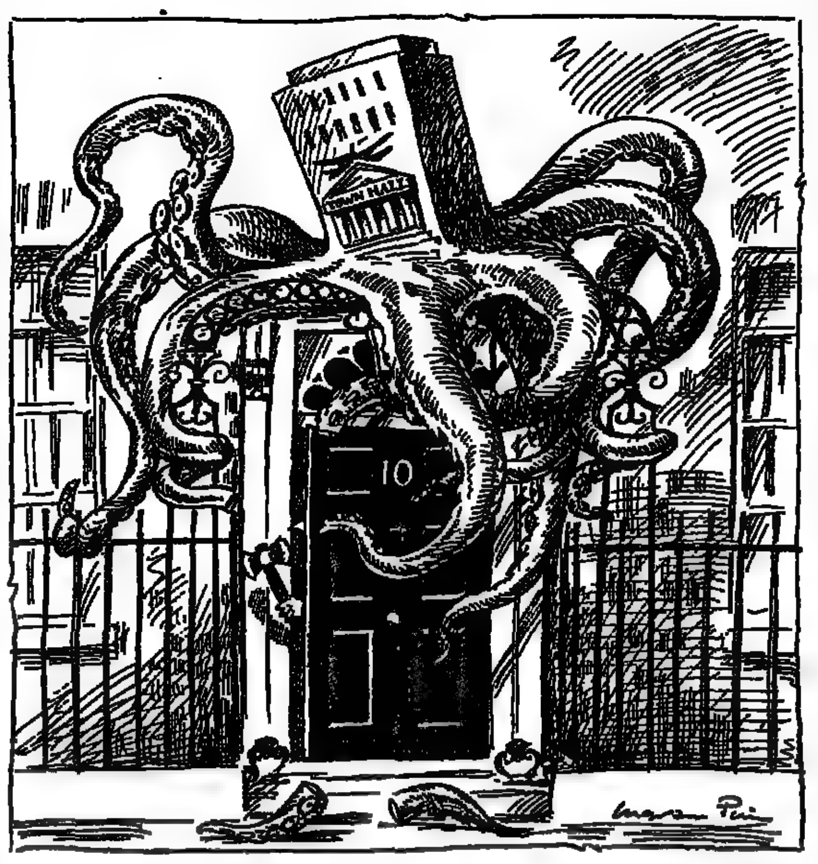
Every year the Treasury deliberately miscalculates local authority needs, in the hope that by under-bidding by a billion or so it will keep the outturn down. This year the councils are likely to race past that well-known first billion in the game and pile on a couple more of their own. Any prudent finance director would do the same. For it is always wise, in the year of introduction of a new charge, to establish a starting level that will pay off in years to come. In the case of the community charge there is an additional incentive in the form of a free political ride. Councils are supposed to lose votes for charging too much, but most voters appear to regard it as "Mrs Thatcher's poll tax."

Even those who gain by paying less in poll tax than they did in domestic rates are disgruntled, since in 1990-91 they are being obliged to subsidise other local authorities in which the tax is high. This cross-subsidy, produced in an effort to minimise the disruptive effect of introducing the charge, might have come entirely from general taxation. It does not. Mr Nigel Lawson, who was Chancellor at the time, insisted on a reallocation among local authorities. In 1991-92 (that is, a probable general election year) the subsidies to high-cost councils will not come from low-cost councils. There will have to be additional public spending, but it is a fair bet that the low-cost authorities will keep the poll tax as high as if they still had to cross-subsidise the others. It will seem like a windfall. Most of them will spend it. Wouldn't you? We must question the intelligence of a Cabinet that cannot even bribe the electorate efficiently.

We would, however, be wrong to ascribe all the blame to the former Chancellor. His well-known antipathy to the community charge does him credit. It also reflects a general Treasury view that the gearing effect will be so harsh that there will forever be calls for more subsidies. "The Treasury has always treated this as if it were something enacted by another Government," one Minister said this week, "and it still behaves as if that were the case." It is not difficult to see why. Three-quarters of local spending is now financed in a manner fixed by Whitehall. The remaining quarter is dependent on the poll tax. It is therefore the only moving part in the system. An extra pound of spending on, say, dustmen goes straight to the community charge. The squeals will soon reach the Treasury.

The whole scheme could only have been conceived and enacted during the period of Conservative hubris that immediately preceded and for 18 months followed Mrs Thatcher's third election victory in a row. Mr Norman Fowler, now voluntarily retired from the Cabinet, was more long-sighted about his Social Security changes. They, too were disruptive of many people's lives. But he had his bill put through just before the election, with the changes coming in just afterwards. He got away with it. The electoral timing of the poll tax could not have been more inept.

For the moment, there is little to be done. The Government will continue its campaign to talk down local budgets, knowing that it is likely to be unsuccessful. It probably deserves to be. Local authorities were notoriously profligate during the 1960s and early 1970s and I suspect that too many of them remain so, but the overall picture has changed. Figures provided by Rita Hale of the Chartered Institute of Public Finance and Accountancy suggest that planned local authority current expenditure, social security aside, has moved relatively slowly in real terms in recent years. Meanwhile net capital expenditure has fallen sharply. Voters may not know or understand the figures, but they are aware of homeless vagrants living in cardboard boxes, rubbish in the streets, old people left uncared for, decaying schools, and the like.



I was horrified by the fiscal irresponsibility of town councils in the worst of the bad old days. Today the Treasury case is less convincing. It is right to remain inherently suspicious of local finances, particularly in inner cities, and there is little doubt that councils are taking the Government-given opportunity to make a blame-free budgetary leap forward this year. Even so, it is hard to believe that there is as much fat to be cut from overall local authority spending as there was. If there is, what have Michael Heseltine, Tom King, Patrick Jenkin, Kenneth Baker, Nicholas Ridley and, now, Christopher Patten been doing all this time? As successive Secretaries of State for the Environment since 1979 they have put through an almost continuous stream of new bills affecting local government, moving through block grants, clawbacks, penalties, rate-capping, and many other devices – all, presumably insufficiently well-drafted to defeat the ingenuity of finance officers in dusty town halls. It is hard to believe.

The root cause of the problem is a failure of imagination by successive governments, Labour and Conservative. Local authorities in Britain owe their existence to the will of Parliament. Their finances are regarded by the Government as part of the national economic accounts. There is a built-in tendency towards greater centralisation. Tory theoreticians of the New Right rationalise this with unconvincing arguments about how independently managed state-financed schools, hospitals, housing associations and the like compensate for reductions in the constitutional authority of directly elected councils. This is no excuse for the wholesale onslaught on local autonomy which reached its highest pitch when Mr Nicholas Ridley was Environment Secretary. But then Mr Ridley never did believe in local government.

The West Germans do it better, combining a free market economy with a civic framework for federal and local self-government. Some of Mr Ridley's colleagues would like to learn the German lesson. It is a forlorn thought. Britain will never achieve anything of the sort until one day a Government combines a study of the functions and structure of local government with an assessment of how it is to be financed. The big reorganisation of 1974 had its roots in the Redcliffe-Maud report, which was about structure. The next weighty report (Layfield) was about finance, not structure. The 1986 White Paper, Paying for Local Government, was about money, not what local government should do.

Nobody would run a business that way. A decent business plan has its profit and loss and cash flow pages, but these are backed up with text, and sometimes charts, indicating what is to be done and how it is to be managed. Mrs Thatcher's administration prides itself on its understanding of business; indeed she and some of her ministers are always lecturing the Russians about their ignorance of capitalism in general and Western-style management in particular. What would they say of a Soviet plan to manufacture toy dolls that told us nothing of price, or a Moscow schema for raising revenues that said nothing about who was to spend them and what the money was to be devoted to?

The Labour Party is evolving a better proposal for local government finance than the poll tax, but it does not seem to have formulated it in concert with its schemes for regional government, a new strategic authority for London, and the like. The party's proposal for a tax on property, tailored to the incomes of the payers, is not very far from the rating system; indeed in Scotland Labour has more or less gone back to the rates. Labour's proposals for local autonomy contain promising ideas. There is room for detailed argument, as could be seen at the party's regional conference in Newcastle yesterday. But both the financial and the structural policies will remain unsound while they treated as separate from one another.

In a sane world the Government would back-pedal to the rating system and then sit down to consider what place in the British polity there should be for local self-government, and how to pay for it. The Government says it is wedded to the principle of subsidiarity, which means never letting a large unit of government do what could be done as well by a smaller one. If they mean it, the smaller units must be mostly self-financing, uncapped, and responsible only to their own voters. Since the poll tax does not seem destined for a long life, a total re-think should precede its replacement.

Cambodia

Way towards a settlement

By Evan Luard

NEW STEPS are needed urgently to secure a solution to the conflict in Cambodia. The civil war there continues, at heavy cost to the Cambodian people.

The Khmer Rouge has made big gains in the west of the country. If the outside the world continues to ignore the problem there is a danger that it will re-establish its power over the entire country – an outcome which western governments have consistently said they are determined to avoid.

On Monday, a meeting begins in Jakarta to discuss Cambodia's future. In due course the Paris conference, at which *all* the main factions were represented, is likely to be reconvened. At these meetings western governments must put forward policies to end the civil war and provide Cambodia with a stable future under a government of the people's own choice.

Australia has put forward a proposal that the United Nations should take over the administration of the country for a time until elections are held. There is little chance that the *Phnom Penh Government* will accept this in its present form. It is not realistic to suppose that, having run the country for 10 years, it will meekly agree to hand over the reins of power to a group of international officials appointed by an organisation that has consistently backed its opponents and ignored its existence.

There are also obvious practical difficulties. How many Khmer-speaking officials can the UN find to man the various Cambodian ministries? How would they impose their authority and make sure that their decisions were complied with? What real control could they exercise over the army (or armies), the police, and the local administrations?

Nor is there any precedent for any such action:

- The UN sent many advisers to assist the government of the Congo in 1960-64, but it did not try to form an administration there.
- The Netherlands allowed the UN Temporary Executive Authority to take over West Irian for a six-month period in 1962-63, but the UN-supervised referendum on the territory's future was only held seven years later when the Indonesian government was in full control.
- In Namibia, the UN played a valuable role in supervising the conduct of elections, but there was never any suggestion that it should take over the administration of the territory despite the doubts widely held about the legitimacy of South Africa's rule there.
- In Nicaragua the UN is to help supervise the elections to take place there shortly, but it has never been proposed that it should govern the country during the campaign.

But the United Nations could and should play an important role in breaking the deadlock. A realistic solution must build on the declared willingness of the present government to accept some form of international supervision of free elections. An attempt should be made to explore this offer in more detail: to ensure, for example, that such elections were genuinely free and fair.

What the UN ought now to do, therefore, is to produce a resolution comparable to Resolution 435 on Namibia, which provided the basis for a settlement there. This could provide for the appointment of a substantial number of observers (in Namibia nearly 1,400 "electoral monitors" were appointed) and perhaps, as in that case, for a small peace-keeping force to maintain law and order. The Secretary-General should now be asked to appoint a special representative to discuss the details of such an operation with Phnom Penh.

Even if it were unwilling (understandably) to allow the UN to take over the administration of the country, the present government in Cambodia might be willing to allow it – or some of its member states – to undertake a role of this kind. This could ensure that its people had a genuine opportunity to determine their own future, and so finally be rid of the nightmare of civil war which has for so long haunted their lives.

The author, formerly MP for Oxford, is a historian of the United Nations.

LETTERS

Hong Kong community's realistic approach to the right road to 1997

From Mr Martin Barrow.

Sir, It is a pity that a newspaper of your quality should be publishing an article ("What did you do for Hong Kong, Daddy?" February 20) by a writer of Mr Edward Mortimer's distinction on a subject of which he admits to have little knowledge, particularly as he has never visited Hong Kong.

He suggests that Hong Kong is no longer "exhilarating," nor today more "exotic, frenetic and miraculous" than New York. If Mr Mortimer were to talk to the more than 5m people who visited Hong Kong in 1989, including many members of the British parliament and business leaders from the United Kingdom, I think he would be amazed to hear from these people how exhilarating they found it, despite the very real concerns that have existed since June 1989.

Confidence, of course, took a serious hammering after the events of June, but Mr Mortimer's article overlooks the extraordinary resilience of this community. Anyone who looks back through Hong Kong's story would have noted the severe knocks that we have taken in almost every decade in our history, but from which Hong Kong has rebounded with renewed strength.

Hong Kong is an extraordinarily flourishing, international city. It is the world's 11th largest trading entity. The Government has embarked on a £10bn infrastructure project, including a completely new airport, and social development continues apace, doubling our tertiary places in education over the next five years, rehousing more than 1m people over the next 10 years, and so on.

While we will continue to need strong support from the UK and the rest of the world, Hong Kong itself has not been idle since June 1989 and the Hong Kong Government continues to invest in the future, as does the business community.

As members of the legislature, we are of course disappointed that the consensus reached among us, that 50 per cent of the Legislative Council should be directly elected by 1997, has not been achieved. However, Mr Mortimer is probably not aware of the pragmatic nature of our community and that our own consensus was much less ambitious than that put forward by the Foreign Affairs Committee which proposed 100 per cent by 1997.

The fact is that considerable progress has been made. Originally we were looking at only 10 directly elected seats in 1991. It is now agreed that there will be 18 seats.

The Chinese proposal only a month ago was that there should be no more than 30 per cent (18 seats) to be directly elected in 1997, with no commitment on further progress. It is now agreed that the 30 per cent will increase to 40 per cent (24 seats) in 1999 and 50 per cent (30 seats) in 2003. It is true that there is a significant gap, but to suggest that Britain should have confronted China and risked a breakdown in the relationship with hugely damaging consequences for local confidence was not what the majority of Hong Kong people wanted.

The most significant improvement in the second draft of the Basic Law was an agreement that those elected in 1995 would maintain their seats through to 1999, rather than having a complete change in 1997 itself. Achieving this continuity was a major breakthrough.

If Mr Mortimer had been in Hong Kong over the past few days, he would have seen the realistic approach which has been taken by the Hong Kong community. Our focus now should be on making a success of the first direct elections in 1991 and there may well be opportunities to demonstrate to China that a faster pace of democratisation is desirable. We will be counting on Britain to help persuade them of this.

Mr Mortimer asserts that the Joint Declaration is not a binding treaty. It was registered by both sides with the United Nations and China has repeatedly reaffirmed its commitment to it. We will not cast it aside with the same abandon as Mr Mortimer.

Your readers who know Hong Kong well will agree that predictions of "tragedy" in 1997 are misleading and unhelpful. More than at any time we need international interest and support. The people who will help keep the economy strong – the investors, the fund managers in the City, and the travel agents who send people to visit Hong Kong – should not be put off by this subjective type of article.

I hope that Mr Mortimer and many others will visit us and be exhilarated by Hong Kong.

Martin Barrow,
Member of Legislative Council,
8 Jackson Road,
Hong Kong

Questions over the Germanys' monetary union

From Professor Brian Tew.

Sir, The proposal put forward by Steve Hanke and Alan Walters ("Reform begins with a currency board," February 21) *whereby German monetary* union would be achieved by the establishment of an East German currency board, fails to address two crucial issues.

The first is that, although the convertibility of East German bank notes would indeed be assured if they were issued by a currency board holding an equivalent amount of West German D-Mark-denominated money market instruments, there remains to be explained how such a currency board would acquire these D-Mark-denominated assets.

Second, what needs also to be explained is how East German deposit banks could ensure the convertibility of their deposit-liabilities (which are East German money, just as much as East German banknotes).

In the days of the British colonial currency boards, the deposit-liabilities of banks (such as Barclays DCO) operating in the colonies were convertible into sterling by virtue of the fact that the banks in question held very large sterling investments in the London money market.

Is it envisaged that East German deposit banks would in some unspecified way manage to acquire a stock of D-Mark-denominated money market instruments?

Brian Tew,
Loughborough University Banking Centre,
Loughborough,
Leicestershire

Militant determined to battle on for a socialist Labour movement

From Mr Richard Venton.

Sir, Contrary to your article ("Labour NEC to approve further report," February 20), Joyce Gould's report to the NEC did not substantiate Frank Field's allegations of "infiltration by Militant into Birkenhead constituency."

The NEC's most substantial decision was to accept that the selection conference was fair and democratic – that is Field lost his position by a democratic majority vote. So the seven threatened expulsions are purely a crude device to justify a rerun selection contest in the hope of saving Field's parliamentary career.

The only "evidence" made available against Militant was the dossier of bigoted allegations by right-wing opponents which constitute Mr Field's 1,000-page submission. Joyce Gould advocated an inquiry purely on the strength of reading this. After acting as judge, she proceeded to act as jury, holding a half-day "inquiry" which did not even discuss allegations against individual socialists. She is now poised as executioner, in defence of an MP who shows no loyalty to the party which hoisted him to his well-paid position.

Wider issues are at stake. The media seek to purge Labour of all its socialist commitments in advance of a Labour government's gaining office. They are using the Frank Field issue as a vehicle to break Labour's union links, in the knowledge that unions would voice the radical demands of working people to a Kinnock government. They also seek to purge Labour's most articulate, consistent socialists, who would demand that Kinnock meets workers' demands with the same zeal as Thatcher defends her class.

No amount of repression will silence the struggle for a socialist Labour movement.

Richard Venton,
Merseyside spokesman for Militant,
2 Lower Breck Road,
Liverpool

FINANCIAL TIMES
Friday February 23 1990

Mandela to lead ANC in de Klerk meeting

By Patti Waldmeir in Lusaka and Michael Holman in Johannesburg

MR Nelson Mandela has been chosen to *lead a delegation of the African* National Congress to meet Mr F. W. de Klerk, the South African President, who yesterday said he welcomed an invitation that the two sides should meet.

The ANC announcement that Mr Mandela will lead the delegation suggests, for the first time, that there is sufficient support in the ANC's national executive committee to give the released leader *the top position in the* organisation.

Mr de Klerk, in his first official reaction to last week's decision by the ANC's executive to seek its first meeting with a South African President, said it was a "positive step."

It appeared "to be consistent with an attitude to search for solutions through peaceful means," he said.

The ANC proposed that the two sides shold meet to discuss removing obstacles to negotiations on a new constitution.

Arrangements for the meeting, for *which no* date has been set, were receiving "immediate attention." These included clarifying whether any members of the ANC delegation, some of whom have been in exile for more than 30 years, *would face criminal charges* on re-entering South Africa.

Pretoria has said exiles are free to return but has indicated that those who have committed violent acts as part of *the liberation struggle may not* be welcome.

Mr de Klerk also stressed his disappointment at the ANC's continued commitment to armed struggle. Senior ANC officials in Lusaka said they would be ready to negotiate a mutual suspension of hostilities with Pretoria as soon as certain conditions had been met.

These conditions, to be discussed at the proposed meeting, include lifting the three-year state of emergency, release of political prisoners who have committed violent crimes, and the repeal of "repressive" legislation, such *as the Internal Security Act*, which permits extended periods of detention without trial.

At the same time, Pretoria announced that a planned meeting *between Mr de Klerk and several lead*ers of independent African countries, due to have taken place in Zaire tomorrow, had been postponed.

Pressure from the ANC and the Organisation of African Unity were clearly a factor in forcing the postponement of the meeting, which was to have been hosted by President Mobutu sese Seko of Zaire.

Pretoria had welcomed the meeting as an opportunity to improve relations with black Africa. However, it soon became clear that the leaders who would attend had little if any influence *in African affairs, aside from the host* himself. Those expected to attend included the leaders of Rwanda, Burundi, Chad and the Central African Republic.

*The postponement is an embarrass*ment for Pretoria, which said the decision to put the meeting off had been at President Mobutu's request.

NICARAGUAN FRAUD FEARS REBUFFED

UN observer says voting will be fair

By Lionel Barber in Washington and Tim Coone in Managua

MR Elliot Richardson, the former US Attorney-General who is serving as the chief UN observer *of the Nicaraguan* presidential election, yesterday declared he was confident that there could be a free and fair ballot on Sunday.

Speaking on behalf of other international observers, Mr Richardson *rebuffed charges* that the election process was flawed, and asserted that the chances of "substantial fraud or manipulation" were minimal.

Mr Richardson's comments appeared in a letter to the New York Times and seemed partly intended as a message to the Bush Administration which has sought to cast doubt on the *integrity of the election pro*cess.

Mr James Baker, US Secretary of State, in testimony to the House Foreign Affairs committee yesterday, said the White House would not automatically accept the verdict of international observers, and added that the US had the right itself to decide whether the election was fair.

Mr Baker also made clear that if the Sandinistas (FSLN) won, they would have to show a long period of "good behaviour" before the US restored normal relations and lifted the current trade embargo.

*A victory by President Dan*iel Ortega, the Sandinista candidate, would be anathema to the Bush Administration and the right-wing of the Republican party which still clings to the hope that the US will resurrect *the Contra resistance*.

Mr Richardson's intervention seems aimed at heading off official US charges that it will not recognise a Sandinista victory because *Mrs Violeta* Chamorro, the opposition candidate, was robbed of victory.

All three international observer groups – the UN, the Organisation of American States, and the team headed by former President Jimmy Carter – have found no basis for the accusation that the Supreme Election Council was "Sandinista-dominated," Mr Richardson said.

President Ortega salutes supporters on his way to the final campaign rally

Ninety per cent of all eligible voters had registered, said Mr Richardson, who dismissed charges of widespread intimidation. While 348 opposition candidates had withdrawn from the race, this constituted only 5 per cent of all candidates "and of those only a fraction cited intimidation as having influenced their resignations."

*Mr David Browning, the offi*cial British government observer, said in Managua that although there had been innumerable complaints during the campaign "this does not invalidate the electoral process." Numerous *complaints of intim*idation of their militants by police and government supporters were made by UNO (National Opposition Union).

The FSLN, for its part, has had a number of candidates for the municipal elections killed by US-backed Contra rebels, which are supporting UNO.

Mr Browning said that the Supreme Electoral Council had adequately demonstrated its impartiality and that "it has done a remarkable job in very difficult circumstances" in getting 1.75m voters registered. The UN observer group had *also played a positive role.*

Mr Alfredo Cesar, UNO's leading candidate for the National Assembly, said that the compilation of the electoral rolls had been "very satisfactory." UNO's own computer checks had *produced only* 1,450 cases of multiple registration, he said, less than 0.1 per cent of the total, which "therefore gives no evidence of an organised fraud". He complained, however, of FSLN use of government resources, such as public transport, to support its campaign.

The FSLN closed with a rally *of an estimated quarter of a* million people in the capital on Wednesday night. In triumphant but conciliatory mood, Mr Ortega told them he forgave the Contras and that after the elections Nicaraguans "must work together to build a country which will be a model for Latin America and the Third World."

First partial results of the elections to the presidency, the National Assembly, municipal councils and two autonomous councils for the Atlantic Coast are expected early on Monday with a definitive result by midday.

World Bank earmarks $5bn loans for Eastern Europe

By Christopher Bobinski in Warsaw

THE WORLD BANK intends to lend $5bn to eastern Europe *over the next three years*, Mr Barber Conable, its president, announced in Warsaw yesterday.

"Our lending in eastern Europe will *focus* on restructuring all facets of the economy and market orientated change," he said.

He *called* for a new system which vested economic decision-making in private *enterprise and the individual.*

Mr Conable, who signed an agreement for investment loans to Poland worth $360m, promised swift and flexible responses to events in eastern Europe.

But he also sought to reassure Third World countries by saying that the loans to eastern Europe "would not come at the expense of poorer countries - or at the expense of *any of our borrowers*".

He also expressed hope that the improvement in the international climate would lead to reductions in arms spending, *releasing further* funds for development.

Poland, which introduced an austerity and reform package in January, is talking to the World Bank about a lending programme worth $1bn in *addition* to loans signed yesterday.

These loans will go on projects designed to boost industrial and farm exports.

Half the World Bank's promised $5bn loans to eastern Europe up to 1992 is pledged to supporting the Warsaw Government's reform programme.

The World Bank will also *open* a mission in Warsaw within the next three months.

Mr Conable said eastern Europe needed more open trade policies, encouragement for foreign *investment*, legislation and institutions favouring a free market.

It also needed provision for bankruptcies as well as unemployment.

● David Buchan adds from *Brussels*: South Korea, Israel, Egypt and Morocco have expressed interest in taking a shareholding in the proposed European Bank for *Reconstruction and* Development, according to European Commission officials.

These non-European countries think that even a nominal stake in the bank would give them an edge in winning contracts in the rebuilding of eastern Europe, officials believe, even though their chances of doing so vary considerably. South Korean companies are busy prospecting for trade and *investment opportunities* in central Europe, while Israel is only just now managing to restore diplomatic ties. North African countries' most saleable *products* are agricultural.

Fifty one per cent of the bank's Ecu10bn ($12bn) capital will be held by the European Community, *its institutions* and 12 member states, with the US and the Soviet Union likely to have 8.5 per cent each, and Japan and smaller western countries taking up the rest.

But all the shareholdings have not yet been finalised, leaving the possibility of nominal stakes for the latest four would-be participants from outside Europe.

The *remaining issues, to be* discussed in Paris on March 10, are whether the Soviet Union should be a beneficiary as well as a stakeholder in the bank and *where the bank* should be sited.

Another issue is who should run it.

Mr Onno Ruding, the former Dutch Finance *Minister*, currently heads the field.

THE LEX COLUMN

Swapping bad law for better

The financial markets ought to welcome yesterday's eminently sensible court decision on swaps. It does little to help those exposed to Hammersmith and Fulham, since most of those deals still count as unlawful. But banks will not have to unwind every single *swap or interest rate option* deal ever undertaken with a local authority. Their provisions against loss will thus be reduced, even if Hammersmith *and Fulham still represents the* biggest single source of exposure. On that point, it has yet to be decided whether the banks can enforce unlawful deals.

The basis of the decision is clear and logical. Local councils are perfectly entitled to enter into interest rate swaps or similar transactions, provided that the purpose is to manage interest rate risk and thereby reduce costs for rate and poll tax payers. Hammersmith and Fulham's swap deals before July 1988 were undertaken *for the purpose of trad*ing, not risk management, and thus were unlawful.

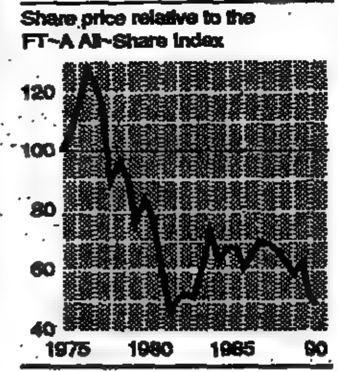
The implication is that other unincorporated bodies, such as building societies and charities, should feel free to use *interest rate management* instruments again. And overseas financial institutions can feel more confident that City deals will not be sabotaged by arcane UK laws. The integrity of the market has been preserved, without allowing the banks to escape the consequences of their foolishness in overtrading with Hammersmith & Fulham.

On the tricky question of the precise difference between trading and risk management, the judges decided it was clear that swaps covering exposure to individual loans were lawful. But they did rule on *whether portfolio hedging* – the use of swaps or options to hedge a book of borrowings – is legal. That might provoke some complex cases in future, or might indeed be clarified by the House of Lords.

ICI

ICI

Share price relative to the FT-A All-Share index



In times like these, the UK market looks more than ever *to ICI's results for general* guidance. But the picture remains stubbornly unclear. The headline figure seems to show ICI's profits decline levelling out, with a fall of 13 per cent in the fourth quarter after *one of 12 per cent* in the third. Net of non-trading items, though, the real fall in the fourth quarter is nearer 25 per cent. And while the destocking phase of the downswing which started last spring may perhaps be over, it is not clear how far *bulk chemical prices* are firming again.

The lack of clarity is mirrored in analysts' forecasts for the current year, which range from unchanged profits to a fall of 10 per cent. Even if the result is *midway* between the two, the market's nerve could still be tested by a drop of up to 20 per cent at the half-way stage. Within that, pharmaceuticals and agrochemicals will be moving ahead strongly; but in counter-cyclical terms, that is precisely what they are there for.

At 1041p, the shares are on a forecast multiple of something over 8 and a whopping prospective yield of 7.4 per cent. In valuation terms, the problem lies in deciding whether the stock is still highly geared to the cycle. If profits this year are down only 5 per cent, the result will be *flat* earnings three years running – a far cry from the whiplash effect of 1980. And with overcapacity in petrochemicals a likely problem for several years to come, it is not clear whether a cycli*cal bounce* can be expected thereafter. To the extent that the market feared worse damage in the downturn, the shares might be a shade cheap. But for those anxious to catch the recovery, there seems no reason to rush.

Midland Bank

Whatever shape Midland's likely *union with HongKong &* Shanghai takes, it had better keep Thomas Cook. Judging from 1989's results, it seems the only piece of Midland to have undergone a genuine renaissance under Sir Kit McMahon's three year old leadership. For the rest, the 11 per cent fall in pre-tax profits to £516m, even before the huge LDC write-off, says it all. Logically it is hard to pick holes in Midland's creed, that in com*modity-type banking* it must either be lowest cost supplier or differentiate itself. The hitch lies with Midland's evident difficulties in making the theory work.

Midland Montagu was a good idea, as a universal bank for the corporate sector; but its £116m-plus debacle in running Midland's own sterling book is highly embarrassing at best. As for cost-saving, last spring Midland was to shed a net 2000 UK staff; it actually added 263. Spending on premises and equipment has soared, but the expected decline in Midland's cost/income ratio has been put back to some unknown future date, with the ratio now back above 70 per cent.

It is not obvious that a Hong-Kong Bank merger is the answer. The extra capital is welcome, given that Midland's equity/assets ratio has fallen below 5 per cent, with £2.1bn of LDC debt still uncovered by provisions. But to the extent that Midland's real problems have cultural roots in UK line management, it is hard to see a HongKong merger as an eco*nomically efficient solution.*

Sterling

Amid the general turmoil in financial markets over the last couple of months, one curious *feature has been the quiet* recovery in sterling. This might be thought partly to reflect the weakness of the D-Mark under the threat of German monetary union. But sterling's rise started precisely on the day of publication of the encouraging November figures for the UK balance of payments. Since then its trade-weighted index has risen by 5.2 *per cent, against a fall of less* than 1 per cent in the D-Mark index. The only major currency to have fallen sharply in the period is the yen.

Assuming the basis for sterling's strength is primarily *domestic, it could* well continue for a while. The Chancellor has recently seized every opportunity of insisting that interest rates will stay high. Not so long ago, the market envisaged a cut in rates soon *after the Budget: few would* now expect a cut before autumn at the earliest. In the longer run, though, the biggest threat to sterling is precisely the success of higher rates in suppressing demand. Towards the end of the year, it may prove necessary to ease off, if only on electoral grounds, at a time when Japan and the US may be keeping the screws on.

Peres threatens Government

Continued from Page 1

cantly sharpened by a shift towards a compromise peace *among the ultra-Orthodox par*ties, particularly the oriental Jewish Shas.

He is convinced that there is now a dovish parliamentary majority.

● Israeli troops confined some 250,000 West Bank Arabs to their towns and villages yesterday to counter a call for violent unrest on the 21st anniversary of the founding of a radical Palestinian group, Reuter reports from Jerusalem.

*Following calls for confron*tation by the Democratic Front for the Liberation of Palestine (DFLP), a Marxist organisation, troops sealed the occupied *West Bank's largest towns, pre*venting anyone from entering or leaving.

In at least four villages, two refugee camps and the town centre *of Ramallah, residents* were made to stay in their homes under a curfew, the Israeli army said.

UK ruling on local council's swaps case partly overturned

By Deborah Hargreaves in London

THE HIGH COURT in London yesterday partly overturned a ruling in the controversial Hammersmith and Fulham swaps case when it said local authorities can lawfully enter into swap transactions to manage their interest rate risk.

An appeal brought by a group of five banks had asked the court to overturn a November High Court judgment that ruled the London council's activities in the sophisticated *interest rate swaps market* between 1987 and 1989 unlawful.

The banks had faced an exposure of up to £500m ($855m) on their interest rate swap contracts with local authorities, which they would have been unable to recoup if all swap transactions were *ruled illegal*.

However, the court made a distinction between interest rate management and trading in the use of swaps. It ruled that before July 25 1988, Hammersmith and Fulham had been trading in the market and its activities had been unrelated to its actual level of debt and investment.

While last night's decision was a partial victory for the banks they could still face substantial losses on contracts outstanding with local authorities.

Sir Stephen Brown, president of the court, divided Hammersmith and Fulham's market transactions into two time periods. He said those entered into before July 25 1988 were unlawful but he allowed those made after that time until February last year.

The period from July 25 1988 till February last year accounts for around 20 per cent of the council's swap market activities, adding up to a notional £2bn. Hammersmith and Fulham said yesterday the decision would cost the council about £3m in outstanding liabilities to the banks.

The judgment was partly welcomed by the banks. Mr Humphrey Norrington, chairman of the British Bankers' Association, said the ruling was "entirely understandable."

But the judgment has not removed the uncertainty from the swaps market. Mr Norrington said banks will not do swaps business with local authorities until there is some further *clarification of their* position. "Our problem in the day-to-day operation of the market is how to know a local authority's motives for acting in the market," he said.

In addition, yesterday's judgment did not decide whether the transactions it classed as unlawful can be enforced by the banks.

Politics Today, Page 19

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	[illegible]	[illegible]	Dubrovnik	S	22	72	Malta	F	17	63	Rhodes	S	13	55
Algiers	F	19	66	Edinburgh	F	13	55	Manchester	C	11	52	Rio de Jo	F	38	101
Amsterdam	S	12	54	Faro	S	17	63	Manila	F	31	88	Rome	S	17	63
Athens	S	12	54	Florence	S	21	70	Melbourne	R	21	70	Salzburg	S	15	59
Bahrain	F	19	66	Frankfurt	S	12	54	Mexico City	F	23	73	San Francisco	S	7	45
Bangkok	F	33	91	Funchal	S	18	64	Miami	F	24	75	Seoul	R	9	48
Barcelona	S	18	66	Geneva	S	12	54	Milan	S	19	66	Singapore	–	–	–
Beirut	–	–	–	Gibraltar	C	16	61	Montreal	C	-2	28	Stockholm	F	7	45
Belfast	F	13	55	Glasgow	C	11	52	Moscow	C	8	43	Strasbourg	S	14	57
Belgrade	S	14	57	Guernsey	S	11	52	Munich	S	14	57	Sydney	F	31	88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Bureaucrat with zest

Continued from Page 1

rowed heavily from the Miyazawa plan in designing the Brady plan, Mr Utsumi was *diplomatic enough to refrain* from claiming credit and instead worked to win Japanese support for the American initiative.

On the face of it, *56-year-old* Mr Utsumi has had a conventional career at the ministry, which he joined in 1957 from the law department of Tokyo *University - a rich source of* future top civil servants and government ministers. He was posted to Europe and learnt to speak French and English fluently. On returning to Japan he became an expert on tax.

In 1979, he first came to public notice by advancing a controversial plan for issuing taxpayers with indentity cards to curb the national sport of tax evasion. Politicians dropped the idea when they saw the public uproar it provoked.

In 1983, Mr Utsumi was posted to Washington. Three years *later* he returned to Tokyo to a top post in the International Finance Bureau. Last year he became Vice Minister.

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INSIDE

US suffers from terminal illness

The US is suffering a computer slowdown. The heady growth rates it enjoyed during the past decade have disappeared, at least for the foreseeable future. Weakness is spreading to more segments of the domestic market and there are ominous signs that robust growth in Europe is faltering. Many leading manufacturers will face further painful cuts as they try to streamline operations to match flagging demand. Page 22

Traditional bonds break down

The fixed syndicate in Swiss foreign bonds may be on the way out. The opening of the public bond market early this year led to a rush of deals, too many of which, traders said, were mispriced. Banks that make up the fixed syndicates by which public deals are launched have now become much more aggressive about the terms of deals. Page 25

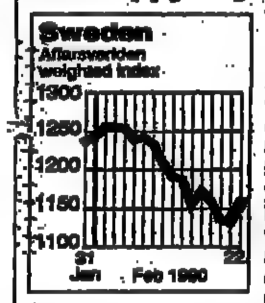
Planting green gold forests

"Poor man's lumber" is shaking off its impoverished image, at least in Asia. Also referred to as "green gold," bamboo is the new hope for the continent's hillsides, laid bare by tree felling. Experts believe that bamboo could halt soil erosion caused by forest loss and become a profitable crop. Page 36

Jetting into a new era

Lan-Chile, the former national carrier, is making an energetic splash on to the free market. It has stepped up competition with night flights, cheaper fares and more frequencies and its president Mr Guillermo Carey, the Chilean entrepreneur who bought 51 per cent of the airline last year, is revamping his fleet. Barbara Durr reports on the new era beckoning for Lan-Chile. Page 22

Are happy days here again?



The Stockholm Stock Exchange has seen better days, but things could still be a lot worse. Although the exchange has fallen by 8.3 per cent since the beginning of the year, yesterday the outlook brightened as the Affärsvärlden general index reversed its recent decline, adding 22.4 points, or 2 per cent, to 1,156.9. The rise came as normal trading resumed on the bourse following the end of a three-week bank strike which had depressed activity. Page 48

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Didier-Werke	244	+	8	Accor	825	+	16
Lufthansa	217	+	3	Industrielle	7700	+	200
Preussag	416	+	8	Locafrance	540	+	15
Volkswagen	555.5	+	10.5	Poliet	490	+	20
Falls				Redoute	3200	+	130
Muench Rueck	2410	−	60	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Jomo Trust Tard	910	+	100
Avon Products	32¾	+	¾	Miyaki Keori	2390	+	300
Monsanto	112¼	+	4⅞	Nozaki Insatsu	1680	+	180
Philip Morris	39⅝	+	¾	Shinagawa Ref	2110	+	210
Falls				**Falls**			
Pfizer	61⅛	−	2¾	Renown	1160	−	90
Rorer Group	59⅞	−	1⅛	Taki Sil Const	2010	−	190
UAL	130¾	−	2				

New York prices as at 12.30pm.

LONDON (Pence)				Reuters	1036	+	16
Rises				**Falls**			
BICC	408	+	7	BKN	390	−	1
BTR	405	+	5	Lucas	576	−	3
Brit & Comm	57	+	3	RFM	357	−	3
Cookson	234	+	8	Saatchi	182	−	20
Eurotunnel	595	+	7	Tiphook	478	−	12
ICI	1041	+	14	Utd Biscuits	332	−	2
IMI	209	+	3				
LASMO	632	+	5				
Midland	351	+	4				

Midland records £261m loss

By David Lascelles, Banking Editor, in London

A MISTAKEN judgment by Midland Bank about the course of UK interest rates last year cost it more than £116m ($196m) and was a significant factor in the £261m loss it announced yesterday.

Sir Kit McMahon, the bank's chairman, said: "We incorrectly positioned the book for a fall in rates which has not occurred."

Although Midland had indicated earlier that Midland Montagu, its treasury and institutional banking division, had been squeezed by the continued rise in UK rates last year, yesterday's results gave the first clue as to the size of the loss.

Sir Kit declined to put an exact number on it or identify the individuals who were responsible, but said the £116m fall in Midland Montagu's profits could be attributed to it.

The loss has caused considerable anger within Midland, which is still trying to shake off its reputation as the UK's most trouble-prone clearing bank, a reputation that dates from its disastrous acquisition of Crocker National Bank of the US.

It also caused surprise in the City of London, given the clearing banks' efforts to insulate their books from interest rate changes rather than bet on them.

Mr Keith Brown, the banking analyst at Morgan Stanley, said of Midland: "It seems quite extraordinary that they could make a conscious decision to run this risk in view of their past record."

Midland's result was further hit by a £31m provision against its exposure to the controversial UK local authority swaps market where some contracts have been ruled *ultra vires*.

However, Midland decided not to increase its provisions against Third World loans from the 50 per cent level it set with a £846m charge in the middle of last year.

This will leave it below the 65-70 per cent level set by NatWest and Lloyds which Barclays is also expected to match next week. Sir Kit said: "We think the risk is adequately coped with by our provision level."

He noted that it accorded with the matrix used by the Bank of England and was higher than the provisions set by banks in some other countries. Sir Kit also pointed out that Midland was still in a relatively strong capital position and this gave it the option to increase its provisions later on if necessary.

Aside from these negative factors, Sir Kit said he was satisfied with many aspects of the group's performance.

Lex, Page 20; Money Markets, Page 44; Wall Street, Pages 40, 41; London Stocks, Page 37

Sir Kit McMahon, chairman of Midland Bank

Profits at ICI hit by chemicals downturn

By Peter Marsh in London

SIR DENYS Henderson, chairman of Imperial Chemical Industries, yesterday announced a rise of 4 per cent in 1989 pre-tax profits. The figure underlined the downturn starting to affect many sections of the world chemicals industry.

However, Sir Denys soothed investors' nerves by giving a robust view of prospects for 1990, which he said would be "challenging but not a disaster." ICI's share price closed at 1041p, up 14p on the day, after reaching 1054p earlier.

Taxable profit for the company for the year to December 31 1989 was £1.53bn ($2.59bn), compared with £1.47bn in 1988. Sales rose 13 per cent from £11.70bn to £13.17bn and earnings per share increased by 4 per cent from 129.7p to 135p.

ICI authorised a final dividend of 34p a share, which together with an interim dividend of 21p made a total of 55p for the year, compared with 50p last time.

The fortunes of ICI, Britain's biggest manufacturing company in terms of overall sales, are widely regarded as an indicator of the state of the UK economy, even though the company derives only a fifth of its sales from the UK.

Sir Denys said demand for the company's products reached a peak in the second quarter of 1989, with weaker sales after this in many of ICI's main markets, especially in western Europe and the US. Sir Denys blamed the fall in demand on high interest rates, which affect overall spending in many of the business and consumer areas served by chemicals companies.

The problems for ICI in the second half of 1989 were underlined by its figures for the final quarter, which showed a 15 per cent decline in pre-tax profits, from £340m to £290m.

With signs of a slowdown already apparent, Sir Denys late last year ordered executives in ICI's business divisions to reduce their spending forecasts for 1990.

He said ICI's capital spending in 1990 – which is set at about £1bn, roughly the same as in 1989 – would have been "significantly higher" but for the instruction to tighten belts.

Sir Denys said that the chemicals industry as a whole would profit from changes in eastern Europe which promised to unleash demand for many types of chemicals products not generally available in these countries.

Tax for the year came to £531m, compared with £540m in 1988.

Lex, Page 20

GEC Alsthom reorganisation

By Nick Garnett

GEC ALSTHOM, formed in a merger of Alsthom of France with the power systems division of GEC of the UK at the end of 1988, said yesterday it would have to rationalise some of its network of manufacturing plants.

Mr Paul Combeau, one of three managing directors on the main board of the heavy engineering group, said this would almost certainly centre on GEC Alsthom's activities in turbines and generators for power stations.

These sectors employ about 12,000 people, split equally between France and the UK. Main sites in Britain are at Rugby, Stafford, and at Trafford near Manchester. Manufacturing plants in France are at Belfort and Le Bourget near Paris.

Turbine and generator manufacturing form part of one of GEC Alsthom's seven divisions and accounted for 19 per cent of the group's sales of £4.6bn ($7.8bn) last year.

Mr Combeau said the group had successfully merged its research and development operations and plant rationalisation was now a main objective.

The group had overcapacity in turbines and generators largely because of the halt on building large power stations in the UK and the slowdown in the French nuclear programme.

However, rationalisation would be a slow process over several years and would not start in earnest until 1991, Mr Combeau said.

Rationalisation plans would also be modified if GEC Alsthom picked up orders for some of the power station projects for which it was tendering. These included Rihand 2 in India and projects in China, Iran and Africa.

Whatever rationalisation would be required would affect both France and the UK, Mr Combeau said. Labour costs per worker were 35 per cent higher in France than in the UK. But output per employee was higher in France because of lower manning levels.

Mr Combeau said plant rationalisation had not been a priority so far because general levels of demand for the group's products were good. Some businesses, such as locomotive building, were loaded with orders.

A new power base, Page 28

Elders postpones announcement on restructuring

By Chris Sherwell in Sydney and Philip Rawstorne in London

NEGOTIATIONS between Grand Metropolitan, the UK food and drinks group, and Elders IXL on a breweries-for-pubs swap are understood to be continuing despite the Australian brewer's abrupt postponement of an announcement of its restructuring plans.

The announcement, due today, had been expected to cover details of the deal between GrandMet and Elders' UK subsidiary, Courage.

GrandMet would make no comment yesterday except to reiterate: "We shall make a decision about the future of our brewing interests by the spring."

Negotiations with Elders, however, are believed to have reached an advanced stage, although several details have yet to be agreed in what is apparently a complex package.

Whether this had any bearing on the postponement of the Elders announcement – which was also expected to cover the disposal of its stake in the UK brewer, Scottish & Newcastle – is unclear.

In Sydney, it appeared that the decision may have been taken because of reports that a takeover offer for the Elders group last year has become the subject of a criminal investigation.

The decision came as officials of the watchdog Corporate Affairs Commission of Victoria raided the Melbourne offices of Elders Resources, an Elders IXL affiliate, and the home of Mr Geoff Lord, Elders Resources managing director. But the searches were said to concern transactions by the former merchant banking arm of the troubled State Bank of Victoria, not the alleged Elders IXL investigation.

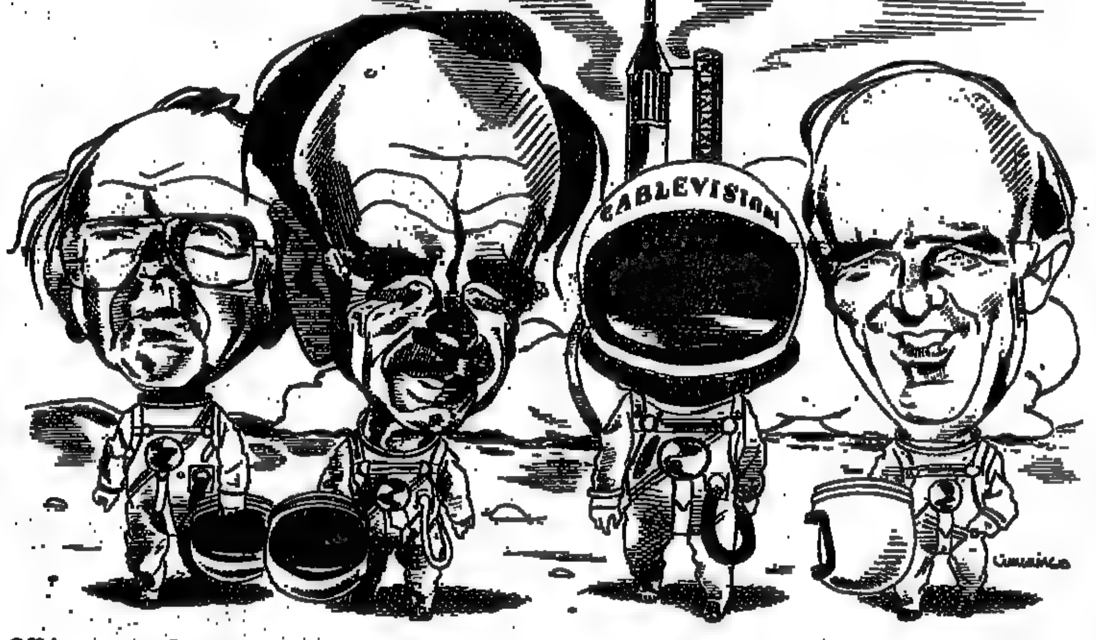
Reports of an Elders investigation surfaced on television earlier this week. These said that the National Crime Authority, a federal crime-fighting agency, was inquiring into the takeover offer for Elders by Harlin Holdings, a private company controlled by Mr John Elliott, the Elders chairman, and his fellow executives.

Mr Elliott, who is also president of the country's opposition Liberal Party, has quickly denied any wrongdoing and condemned the reports as "gutter politics" from the ruling Labor Party ahead of the March 24 general election. His remarks were echoed yesterday by Mr Ian MacLachlan, an Elders non-executive director who is standing for parliament on the Liberal ticket.

Mr Bob Hawke, the Prime Minister, has refused to confirm reports of an investigation, saying it would set a bad precedent for the National Crime Authority. But at least one minister in his government has criticised Harlin's transactions and the incentive schemes that have given Elders executives significant holdings in their company.

The Harlin offer for Elders IXL valued the brewing, agribusiness, finance and resources conglomerate at A$5.5bn (US$4.2bn) and lifted its stake in Elders from 25 per cent to a controlling 54 per cent. Today's restructuring was expected to see the "unbundling" of the group into a pure brewing company and is designed principally to reduce Harlin's debt.

The group is still expected to report its interim results today.



Off into space: Roger Smith of GM, Rupert Murdoch, C.F.Dolan of Cablevision and GE's Jack Welch

Network the right stuff and reach for the sky

Alan Friedman reports on the satellite venture that could change the face of television in the US

If Mr Rupert Murdoch, NBC Television and Cablevision – a leading US cable television operator – have their way, a new and expensive high-tech satellite may change the face of American television by the middle of this decade.

The transformation could begin as soon as the end of 1993 when up to 108 new channels could be beamed directly into living rooms across America from a $650m high-power satellite, the world's most powerful space-based transmitter. The new project, with $1bn of planned initial investment, is also likely to imply changes for television that will go well beyond the current $16bn-a-year cable industry and its 55m subscriber households.

From now on the strategies of America's big three national broadcast networks – ABC, CBS and NBC – will increasingly reflect the need to share programming and distribution costs with their erstwhile cable competitors.

Already there has been talk of possible collaboration between CBS and Mr Ted Turner's cable companies, including the CNN news channel. Capital Cities, which owns ABC Television, also owns ESBN, the hugely popular sports cable channel. NBC, which already has cable ventures in the cultural and sports areas, believes that joining forces with cable and satellite companies, is one way to stay ahead of the market.

The new project is called Sky Cable and happily for the partners – Mr Murdoch's News Corporation; NBC; Cablevision; and Hughes Communication, the satellite supplier owned by General Motors – few Americans have ever heard of Mr Murdoch's Sky Television in the UK, the satellite pay-TV business which is losing around £2.5m ($4.2m) a week.

In the US, according to Mr Charles Dolan, chairman of Cablevision and founder of both Manhattan Cable – the big New York concern – and Home Box Office – the successful movie channel – Sky Cable should have a much better chance of success.

For one thing it is to be more heavily capitalised, with the initial $300m of cash equity coming from the four investors.

Second, it will take advantage of new technologies that should enable consumers to receive signals on a flat, napkin-sized dish that will be sold at retail electronics shops for less than $300. The technology will beam High Definition Television (HDTV) as well as standard video signals and deliver digital-quality sound.

Finally, Mr Dolan says that the cable industry will operate Sky Cable, thus allowing American consumers to pick up the telephone, dial a freephone number and get their dishes and systems installed without any of the DIY hassles encountered by British would-be customers of Sky.

The potential significance of Sky Cable in the US cuts across both industry and culture. Mr Ned Zachar, a cable expert at credit rating agency Duff and Phelps in Chicago, believes that Sky Cable could present problems for the cable industry, which will be faced by new and cut-throat competition from the dozens of new channels.

Mr Zachar does not expect as many as 108 channels to appear overnight, but he estimates that 60 to 70 more channels are feasible.

He also says that US regulators may decide to examine the prospect of Sky Cable having control of both the satellite – which will be placed strategically in orbit at a mid-point over America's heartland – and of the ground-based delivery systems.

Mr Dolan of Cablevision predicts that when the viewer of the mid-1990s comes to their television set, he or she should be able "to pursue his interests as easily as by going to the newstand or the library, with a broad selection." The plan is for more movie channels, music channels, weather channels, medical channels … in short, a magazine-like cornucopia of specialised "niche" television from multi-channel suppliers.

The Sky Cable project comes in the wake of a decade that has seen enormous growth in the pay-TV business. At the start of the 1980s there were only three national network cable stations; now there are 40. Today the big networks control 68 per cent of America's television audience.

This figure is down from 90 per cent a decade ago and is expected eventually to decline to around 50 to 55 per cent.

Mr Murdoch says that sports programming will be the key to the future of Sky Cable and he sets an initial goal of attracting 3m new household subscribers to the satellite venture.

For the Sky Cable investors and their financial backers - including bankers from whom they expect $375m and Hughes, which is providing a $325m vendor loan – the new project is a huge challenge. For the television viewers of America it could be a Brave New World.

Computer industry faces uphill slog

By Louise Kehoe, Alan Cane and Rod Oram in New York

THE US computer industry is giving up hope of any swift return to the heady growth rates that it has enjoyed over the past decade.

Weakness is spreading to more segments of the domestic market and there are ominous signs that robust growth in Europe is faltering.

Many leading manufacturers will face further painful cuts as they try to streamline operations to match flagging demand.

Customers are unsure that they will be able to recoup substantial investments in information technology if the US economy continues sluggish.

"We are trying virtually everything we can think of to spur demand, but nothing seems to have any appreciable effect," said a spokesman for Digital Equipment, the number two computer manufacturer. "Customers are having a hard time absorbing so much computer equipment."

Digital this week became the latest US computer manufacturer to forewarn investors its financial results would take a dive. The company said it could even report a loss from operations in its current fiscal third quarter.

"We are doing all the things a prudent businessman would do" to contain costs. Options being actively debated by top management include lay-offs, plant closures, a hiring freeze and the introduction of an enhanced early retirement programme.

For Digital, a third-quarter loss would shatter a 32-year record of profits. Worse, workforce reductions could lead to a fourth quarter charge, although the company anticipates some improvement in operating performance.

Digital's difficulties signal a deepening problem for the entire US computer industry. Although International Business Machines took similar measures last December, many industry analysts believe it will need to take further rigorous measures this year.

Over the past year, slowing US sales growth has been balanced, to some extent, by strong growth in Europe and Japan. Now, however, there is growing evidence that the European market may also have lost its robustness.

Digital said that in the past quarter UK sales did not meet expectations, because high interest rates discouraged corporate spending. In Japan, demand for large computer systems should continue to grow at some 12 to 14 per cent a year for the next two years, said Mr Reto Braun, head of Asian business at Unisys, number two in large systems behind IBM. But growth is likely to slow subsequently as Japanese users follow the Western trend to networks of smaller computers, he said.

Despite these trends, some specialist companies continue to forge ahead. Stratus Computer, a 10-year-old Massachusetts maker of computers for critical applications in fields such as banking and defence, boosted its revenues by 29 per cent last year to $341m.

Stratus forecasts demand for its type of computers will grow by at least 20 per cent this year, said Mr William Elliott, vice president of strategic planning.

Legal hitch in Turkey's plans for sell-off

By Jim Bodgener in Ankara

AMBITIOUS privatisation plans by the Turkish Government for its sprawling state enterprise sector have snagged on court decisions blocking two already completed deals with foreign companies.

These are a $105m sale of cement plants to Ciments Français, the French cement group, and the $14.5m hiving off of airport caterer USAS to Scandinavian Airlines System (SAS) Partner, a subsidiary of the Scandinavian airline.

Cases successfully brought in administrative courts in Ankara by opposition MPs turned on a government undertaking given in 1987 that privatised firms would first be offered to employees and Turks, and only then to foreign interests.

Both deals have been suspended for 90 days pending final judgment, which probably will be negative. According to government officials this would force an appeal to the supreme administrative court by the Mass Housing and Public Participation Administration (MHPPA) which is orchestrating the privatisation drive.

The Government has defended the sale of core blocks of shares in state enterprises to majority foreign interests by saying they guarantee infusions of capital and technology as well as managerial skills.

In addition, the deals have built-in provisions for the release by the foreign interests of a significant portion of their shares, in the medium term, to the Turkish public.

What will happen should appeals fail in the supreme court is unclear, as there is no precedent in Turkish legal history.

But MHPPA officials maintain there is no question of expropriating the shares and reimbursing the foreign companies.

Substantial outlays have already been incurred by SAS Partner. The front-end payment of $14.5m for USAS is fully disbursed and SAS Partner will also pay out 21 per cent of the profits it makes over the next 10 years.

Ciments Français has already paid the Government more than $85m of the purchase price for five cement plants previously owned by Citosan, the state cement group.

The remaining $20m will follow in September.

Speculation over Gardini stake lifts Enimont shares

By Haig Simonian in Frankfurt

SHARES in Enimont, the Italian chemicals joint venture at the centre of a bitter dispute between public and private sector interests, rose sharply in unusually heavy trading on the Milan stock exchange yesterday.

The reason behind the rise appeared to be unconfirmed reports that sources close to Mr Raul Gardini, the head of the publicly-quoted Montedison chemicals group, which owns 40 per cent of the shares in Enimont, now hold a substantial proportion of the minority 20 per cent of the joint venture's equity currently quoted on the market. The remaining 40 per cent is in the hands of Eni, the Italian state-owned energy group.

Enimont stock rose to L1,467 ($1.18) at the official close of trading yesterday, and to L1,478 in the after-market, compared with Wednesday's official close in Milan of L1,446. According to Italian analysts, volume on the official market exceeded 8m shares, with further heavy trading over the counter and on the Seaq system in London.

Late yesterday it was confirmed that Mr Gianni Varasi, the Italian financier, had acquired more than 1 per cent of Enimont acting as an ally of Mr Gardini.

The recovery in Enimont's share price follows a period of considerable doubt regarding the company's future.

Meanwhile Consob, the Italian stock exchange authority, yesterday entered into the continuing discussions over Enimont's future with a strongly worded statement deploring the current uncertainty over the company's fate.

On Tuesday a crucial meeting between six executives representing Eni and Montedison was cancelled at the last minute. A rescheduled late-night session the following day ended without any statements being made by either side.

As a result, attention focused on a meeting of key cabinet ministers in Rome yesterday evening.

In all events, some further statement is expected prior to a crucial assembly of shareholders representing the minority 20 per cent of Enimont's stock, due to take place next week, to appoint two new directors to the group's current 10-member board.

Fletcher considers US issue

By Bernard Simon in Toronto

FLETCHER Challenge, the New Zealand resources and construction group, is trying to drum up a wider North American shareholding to match its growing business exposure in the US and Canada.

Mr Hugh Fletcher, chief executive, told an investment conference yesterday that it will probably issue shares in the US next year. In the meantime, however, it faces a decision this July whether to redeem the first of two series of "exchangeable shares" listed on Canadian stock exchanges, or to exchange them for common shares according to a predetermined formula.

Fletcher Challenge has a total foreign ownership of 24 per cent – 8 per cent in Canada and 2 per cent in the US.

But North American operations – principally in forest products and construction businesses – contributed 37 per cent of earnings in the six months to December 31.

The company is expanding its North American interests with the C$130m purchase of four sizeable gas fields, an oilfield and some minor properties in Alberta.

UAL chief 'rejects' union bid

By Anatole Kaletsky in New York

DIRECTORS of UAL, the parent company of United Airlines, were due to meet in Chicago yesterday amid reports that Mr Stephen Wolf, the company's chairman, had turned against the idea of an employee-led leveraged buy-out.

The main purpose of yesterday's regularly scheduled board meeting was to respond to the unions' buy-out proposals and to consider the restructuring alternatives being prepared by the company's financial advisers.

Until a few weeks ago Mr Wolf had been an outspoken supporter of an employee buy-out and had strongly urged the company's normally fractious unions to co-operate in backing an LBO proposal.

According to industry sources, however, his attitude began to change last month when the airline's three main unions, representing machinists, pilots and flight attendants, attempted to seize the initiative from management.

The unions, which had long disagreed among themselves about the airline's future, formed an unprecedented coalition and started working directly with investment bankers to put together a buy-out proposal, apparently bypassing UAL management.

Union officials also hinted they might consider replacing Mr Wolf as chairman if their LBO succeeded.

However, since their announcement of the initiative early last month, the unions have made little progress in putting together a solid offer and attracting financing.

Judge sets date for Drexel hearing

By Janet Bush in New York

THE JUDGE presiding over the bankruptcy proceedings of Drexel Burnham Lambert, the failed securities house, has scheduled a hearing on March 1 in response to a request from its creditors for information about assets which the company may have sold and large bonuses it recently paid.

Mr Frederick Joseph, chief executive officer, made a telephone conference call to creditors on Wednesday in response to the controversy surrounding reports that Drexel paid out as much as $350m in bonuses in the weeks before it filed for protection under Chapter 11 of US bankruptcy law.

He is reported to have assured them the company had done nothing inappropriate and that the decision to pay the bonuses was made long before Drexel's financial problems became apparent.

First City Bancorp, whose main subsidiary is owed $25m by Drexel, said in a court filing: "An immediate examination of the debtor is required so that creditors, the US trustee and this court can determine whether preferential, fraudulent or voidable transfer of the debtor's assets have taken place or are contemplated."

In a separate development, Drexel said it had finalised arrangements to help with the orderly liquidation of its remaining securities holdings.

● Two men who ran Drexel's research team have joined County Natwest Securities USA, the US arm of County Natwest Investment Banking Corp. Mr Arthur Kirsch was named chief executive officer of the company and Mr John Kellenyi will become head of research.

Strong rally at Saga Petroleum

By Karen Fossli in Oslo

SAGA PETROLEUM, Norway's largest independent oil company, yesterday announced record 1989 pre-tax profits of NKr911m ($141.5m) against NKr152m a year earlier.

The increase was helped by a 9.5m barrel gain in crude oil and natural gas liquids sales and an improvement in world crude oil prices, which were on average $3 a barrel higher than in 1988.

Sales of petroleum products rose to NKr2.29bn from NKr839m. Saga said that two oil fields, Oseberg and Gullfaks, accounted for 77 per cent of overall crude oil supplies.

Saga noted, however, that natural gas sales in 1989 failed once again to yield a net profit because of low gas prices and high pipeline transportation costs.

Operating profits soared to NKr760m from NKr61m as operating costs, including ordinary depreciation, increased to NKr2.29bn from NKr1.39bn. Operating revenues more than doubled to NKr3.06bn from NKr1.45bn. A NKr1 per share dividend payment is proposed.

The company remains embroiled in a bitter battle over a 9 per cent stake bought in December by Norsk Hydro, Norway's largest publicly quoted company, which Saga considers to be a principal competitor.

Den norske Creditbank (DnC) sold Hydro 6.7m A shares and 2.7m B shares for about NKr960m, raising Hydro's overall stake in Saga to about 13 per cent.

Saga has refused to sign documents needed to validate the transfer of share ownership to Hydro, leaving them registered to DnC. Hydro is to protest against Saga's decision to the Oslo bourse, which is unlikely to make a ruling for several weeks.

Swiss watch group's sales climb 16% to new peak

By John Wicks in Zurich

SMH, the leading Swiss watch group, recorded a 16.2 per cent rise in sales last year, climbing to a new high of SFr2.14bn ($1.45bn).

According to Swiss Corporation for Microelectronics and Watchmaking Industries, the Bienne-based parent company, group profits increased faster than turnover.

In 1988, consolidated earnings had jumped by 36.4 per cent after a rise of only 3.4 per cent in sales to SFr1.85bn.

Turnover growth last year was due primarily to an increase in sales volume. Exchange-rate effects accounted for only 2.9 per cent of the rise.

The number of finished watches produced by SMH climbed by more than 10 per cent, against an overall growth of 4 per cent in total world watch output, with a corresponding gain in market share.

At the same time, sales of Eta, a movements subsidiary, improved by 8.5 per cent, necessitating an investment programme to keep up with demand.

The non-watch sector showed an increase in gross turnover of about 17 per cent.

● Mr Werner Rey, the Swiss financier, and the Vaudois Cantonal bank are to pay about SFr40m to the Olivetti group of Italy for its stake in Hermes Precisa International, an office equipment concern based in Yverdon-les-Bains.

This gives Mr Rey and the bank 47.2 per cent of the company's capital and 59.1 per cent of voting rights. Hermes Precisa's future activities are to be concentrated on "electronic data administration."

Olivetti is to take over the Swiss company's research and development facilities for what it calls a "reasonable price."

Oslobanken in sharp return to profit

By Karen Fossli

OSLOBANKEN, a small Norwegian commercial bank which last year acquired the Norwegian subsidiary of Banque Paribas, the big French bank, returned to the black last year with profits, before extraordinary items, of NKr48.4m ($7.5m) against losses of NKr77.2m in 1988.

Operating profit advanced 90 per cent to NKr116.8m from NKr61.5m, while losses on loans and guarantees were halved to NKr68.4m from NKr138.7m previously.

Oslobanken said it had applied a NKr4m gain from the merger with Banque Paribas Norge to reduce its 1988 deficit to NKr30.9m.

The bank has set itself a goal to achieve a 20 per cent after-tax return on equity. It is to establish a stockbroking company to complete its product range.

Desmarais lifts Pargesa holding

By Robert Gibbens in Montreal

MR Paul Desmarais, the Montreal financier who is chairman of Power Corporation of Canada, and Mr Albert Frère, chairman of Frère-Bourgeois of Brussels, plan to co-operate more closely in developing Pargesa, the Geneva-based holding company.

Mr Desmarais, through Power Financial, his financial services arm, has increased his holdings in Pargesa to 25 per cent, equal to the interest of the Frère family.

Pargesa controls Belgium's Petrofina and owns a large portfolio of investments in financial services, manufacturing and communications, mainly in Europe.

COMPANY NEWS IN BRIEF

PHILIPS is close to its long-sought sale of its defence electronics operations in West Germany, officials of the big Dutch electronics group said yesterday, Agencies report. The company's German subsidiary said it had reached an "understanding" to sell the operations to a European company which it declined to identify. No letter of intent has yet been signed.

■ **La Générale** said it would unveil next week measures to help Fabrique Nationale Herstal, its ailing arms, aeronautics and sports equipment unit, cope with a "disappointing" 1989 result. The Belgian holding company said it and fellow FN shareholder Société Regionale d'Investissement Wallon were in talks with FN's management.

■ **Feldmühle Nobel**, the West German paper-to-munitions maker, said its group net profit for 1989 was substantially higher than the DM159m ($95.7m) earned in 1988. It gave no figures. Feldmühle said its 1989 group pre-tax profit rose 17 per cent to DM375m from DM320m. Sales rose to DM9.5bn from DM7.9bn. Feldmühle expected a satisfactory result in 1990, it added.

■ **Hochtief**, West Germany's largest construction group, said its 1989 operating profit rose from a year earlier as group construction volume, which includes projects that have not yet been billed, increased to DM5.46bn in 1989 from DM4.7bn. Hochtief did not disclose any profit figures, but said it would again pay a "good dividend" for the year.

■ **Expansion**, the French media group, has bought 50 per cent of Proinfec, a Portuguese financial publishing group, as part of its European growth. Proinfec will retain a 50 per cent stake.

Lan-Chile flies high in free market

Confidence soars at the former national carrier, writes **Barbara Durr**

In the months since it was privatised, Lan-Chile, the former national carrier, has made an energetic splash on to the free market. A new, more aggressive Lan-Chile has stepped up the competition with night flights, cheaper fares and more frequencies. And Mr Guillermo Carey, the Chilean entrepreneur who bought 51 per cent of the airline last year and is its president, is revamping his fleet.

He leased two new British Aerospace 146-200s and is replacing – on lease – three older Boeing 707s with the latest Boeing 767s. The BAe deal, including training, is worth $50m.

It is BAe's first sale to a flag carrier in South America and company officials hope it will lead to more business in the region. Lan-Chile's choice of the 146-200 "is like the Good Housekeeping seal of approval," said Mr Jack Thompson, chief for BAe's marketing in Latin America.

Mr Carey is also trying to integrate Lan further into Chile's growing tourism industry. He is discussing participation in a $60m expansion of Valle Nevado, Chile's newest and plushest ski resort owned by France's Spie Batignolles and Compagnie International D'Equipement. And he is trying to arrange special services for a dozen provincial hotels which are being planned.

Lan's competitor, Ladeco, Chile's other private airline, holds the edge in the national market, with a market share of about 56 per cent. Last year the total Chilean market shared by the two carriers between January and October ran to just over 1m passengers, up 12 per cent on the same period the previous year. Rather than steal Ladeco's clients, Mr Carey says he prefers to increase the number of people that fly.

He points to what happened a decade ago to flights between Santiago, the capital, and Concepcion, the country's second city. In 1978, traffic on that route was only some 4,000 passengers. But in 1979 when the service was changed to make possible a trip back and forth between the two cities in a day, traffic soared, to reach 120,000 passengers by 1981.

The BAe 146-200 fits perfectly into Mr Carey's fresh strategy. It was designed to be most efficient for short-hauls of 200 to 600 miles – difficult routes to make profitable – and it can land on dirt or weak paved strips, a problem in many provincial cities. Importantly too for mountainous Chile, it has enough power to maintain altitude, even if running on only three of its four engines.

Mr Carey intends to use the BAe 146-200 on hops to smaller provincial cities that have been poorly served by the airline and to increase flights to other national destinations. Given that it is the quietest jet in the world, it can be used for night flights into populated cities and towns, and converted to a cargo plane going out.

He also aims to use it to begin an Antarctica service, largely for the multinational scientific community that currently relies on the Chilean Air Force for transportation.

Where Lan-Chile holds the advantage, and is likely to continue to do so, is on international flights. It held a 73 per cent market share for South American traffic and a 76 per cent market share for other international flights between January and October 1989. Beyond South America, Lan flies to Miami, New York and Los Angeles in the US, Madrid, and Tahiti.

Mr Carey says he intends to expand, and in particular is looking at Lan's service to Europe. This clearly stems from his partnership with Scandinavian Airlines Systems (SAS), which is buying a 30 per cent stake in Lan-Chile, from Mr Carey's 51 per cent holding.

SAS backed his $42.3m bid for the airline last year, but had refrained from going in directly as a partner. The Scandinavian airline was reluctant partly because of an imminent change of government in Chile and it was not sure how democracy would shape up.

SAS's confidence was boosted by the election of a democratic government last December which made the right noises about economic management and foreign investment. Mr Patricio Aylwin, the politically moderate Christian Democratic president who is to take office in March, had previously sworn to overturn the Lan privatisation. His Government has now backed down on that threat.

The future looks secure enough for the company to plan a $30m capital increase. Shareholders have a year in which to exercise their options to buy the shares. SAS will participate, but its portion of the company will remain at 30 per cent. Mr Carey will increase his share – through his company Icarosan – to more than the 21 per cent left after the sale to SAS, but how much more is not yet clear.

The airline, with an upgraded fleet of 12 planes and a more ambitious private management, seems poised for a new era, and possibly a steadily profitable one.

INTERNATIONAL COMPANIES AND FINANCE

Sony revises annual forecast after 42% gain in third quarter

By Our Financial Staff

SONY, the Japanese electronics group which has been expanding rapidly abroad, lifted worldwide net profits 41.9 per cent in its third quarter to December to reach Y41.86bn ($288.1m) and yesterday boosted its full-year earnings forecast to Y100bn.

The projection for the current year to March compares with the Y90bn *it had previously* anticipated, and Y72.47bn achieved in 1988-89.

At the same time Sony has this week continued on the US acquisition trail, agreeing to pay $55m for a semiconductor plant owned by Advanced Micro Devices. This would be the first time Sony has manufactured chips outside Japan.

Sony will set up an operation in a currently idle portion of an AMD plant in San Antonio, Texas. AMD engineers will be assigned to the unit and will gain access to Sony's manufacturing processes during a collaboration period that is intended to run until the end of 1994.

The strong year which is in prospect for Sony is being fuelled by its overseas operations.

An official attributed the increased forecast to a good overall sales performance, *especially in audio-visual* equipment.

Columbia Pictures Entertainment, which Sony purchased last November, is also expected to contribute.

The net profit forecast for the Japanese parent alone was left unchanged yesterday at Y60bn, although this would represent a rise from Y42bn a year earlier.

Sales were Y870.56bn in the third quarter against Y613.82bn, and are tipped to reach Y2,770bn in the year as a whole.

Strong first-half growth at Lend Lease

By Chris Sherwell in Sydney

INCREASED contributions from the main property and financial services divisions have lifted after-tax operating profits of Australia's Lend Lease Corporation.

Figures for the six months to December, released yesterday, showed earnings from *normal operations increased* 17.6 per cent to A$77.6m (US$58.65m). Revenues rose 33.6 per cent to A$951m.

Another A$11m in earnings from abnormal items – the surrender of head lease and management agreements – lifted the profit figure to A$88.6m, for an overall increase of 31 per cent.

The group said it had also strengthened its financial position through last July's successful A$112m rights issue and a further reduction of its already low debts, which now stand at just A$209m.

Directors declared a fully franked interim dividend of 29 cents per share, up from 27 cents last time, and said the group was in a "strong position" to achieve a further increase in second-half profit.

A breakdown of the figures showed a broadly unchanged share of the group's earnings from the property and financial services divisions, at 59 per cent and 37 per cent respectively.

The property division, which covers construction, refurbishment, management and ownership, retained a record forward construction workload of around A$1bn.

Financial services is centred *on MLC Group and embraces* insurance, property trusts and funds management. It now has A$9.5bn of assets under management, up from A$8.2bn a year earlier.

● Jennings Group, a property and construction concern, lifted operating profit after tax 13.3 per cent to A$25.2m in its first half to December, AP-DJ reports.

Earnings per share rose to 15.7 cents from 14.6 cents, and dividend is being lifted to 7 cents from 6.5 cents. Sales rose 19.2 per cent to A$646.7m.

Directors announced a rights issue to raise A$78m. This "will enable the company to take advantage of significant property-related opportunities that are becoming available in the current market, assist in funding further geographic expansion and further improve its working capital position."

Shareholders will be offered one new share for every four held, at A$1.65.

Placer Dome held back by weaker prices

By Robert Gibbens in Montreal and Chris Sherwell in Sydney

PLACER DOME, North America's largest gold producer, increased output by 43 per cent last year to 1.18m oz, but earnings were held back by a 9 per cent decline in average realised prices and a stronger Canadian dollar.

Net profit was C$125.1m (US$104.2m) or 53 cents a share, against C$262.4m or C$1.16 in 1988, a period which included a special gain of C$150m on the sale of investments.

Earnings from silver, copper and molybdenum were higher. *Operating earnings from mining* activities were C$135m against C$155m, on revenues of C$904m against C$698m.

Fourth-quarter profit was C$34.8m or 15 cents a share, against C$47.4m or 20 cents a year earlier. The average cash cost of gold production in 1989 was US$245 per ounce, almost unchanged, but in the fourth quarter US$233. The cost will decline further in 1990 as new mines come on stream.

The results exclude the oil and gas operations, with a net book value of C$370m, which were put on sale in December.

In Australia Placer Pacific, its quoted subsidiary, reported *disappointing results for itself* and Kidston Gold Mines, its 70 per cent subsidiary.

Placer Pacific showed after-tax operating profits of A$24.2m (US$18.3m), down 24.6 per cent, despite a 68 per cent surge in revenues to A$235m. Figures for Kidston showed a net profit of A$37.5m, down 28 per cent from A$52m in 1988. Sales were also lower at A$110m, down from A$126m.

Analysts pointed to lower gold prices and a tougher method of accounting for depreciation as negative factors affecting the results. In Placer's case, there were also sharply higher interest charges, *which rose to A$6.5m* from less than A$1m.

They said the main factor behind the slide was a disappointing performance at the Big Bell mine in Western Australia, a joint venture with ACM Gold, which resumed production a year ago after being closed more than 30 years earlier.

Placer's share of gold output in 1989 was 322,000 oz, making it one of Australia's largest producers. The figure compares with 144,000 oz in 1988, and is expected to surge to 595,000 oz in 1990 and higher still in 1991.

Apart from Big Bell and Kidston, *Placer counts among its* interests the just-started Granny Smith mine in Western Australia, and two big projects in Papua New Guinea.

These are the 80 per cent-owned Misima gold mine, which began production in May last year, and the Porgera joint venture, in which it has a 30 per cent stake and is the operator. Porgera's first gold pour is due in about six months.

● Ampol Exploration, an Australian energy explorer, plans to raise A$159.8m through a one-for-three rights issue, Reuter adds.

It said it would offer 76.1m *shares at A$2.10 each. Funds* raised would be used to reduce borrowings.

Brambles up 27.6% at operating level

By Chris Sherwell

STRONG performances from Australian and European operations have pushed interim revenues and profits sharply higher at Brambles Industries, the Sydney-based transport and freight group.

The company reported net operating profits of A$104.6m (US$79.1m), a rise of 27.6 per cent, on revenues of A$963m, up 40 per cent. With abnormal *items of a net A$17.8m*, earnings were A$122.4m.

Directors declared a fully franked interim dividend of 27 cents, comprising an ordinary dividend of 21 cents and a special cash dividend of 6 cents to absorb franking credits for local tax purposes.

According to Mr Gary Pemberton, chief executive, Australian operations were generally strong, although transport operations experienced some softening towards the end of the period.

In Europe he said the Chep pallet pooling business, Cleanaway waste management and Groupe Caib rail wagon operation had all performed "solidly overall."

The group announced it had made a provision of A$40m against anticipated start-up losses should it proceed with the establishment of a Chep pallet business in the US.

This was accounted for as an *abnormal item*, and was more than offset by abnormal profits arising from the sale of listed investments, which produced A$14.8m, and the distribution of A$43m in dividends by two associate companies which owned significant stakes in Brambles and which Brambles had since purchased.

Mr Pemberton offered shareholders no comment on the group's 20 per cent share in Environmental Systems Corporation (Ensco), the US group trying to fight off Brambles as a suitor.

Hong Leong Industries 64% ahead midway

GROUP pre-tax profits of Malaysia's Hong Leong Industries rose 64.5 per cent to 25.9m ringgit (US$9.6m) in the six months to December, AP-DJ reports from Kuala Lumpur.

Revenue rose 31.4 per cent to 204.2m ringgit. After-tax profit climbed 79.5 per cent to 18.9m ringgit.

The investment and property holding company is a member of the Hong Leong family of companies of Singapore and Malaysia.

Hong Leong Company (Malaysia), which retains the group's Malaysian investments, has a roughly 53 per cent stake in Hong Leong Industries.

The Hong Leong Industries group includes manufacturers of paper products, motorcycles, building materials and tiles; it is also active in leasing of construction materials.

Per-share earnings amounted to 10.1 cents, up from 5.7 cents. The group will pay an unchanged interim dividend of 6 per cent.

EDS and Texas Air in $250m venture

By Anatole Kaletsky in New York

TEXAS AIR, the parent company of the bankrupt Eastern Air Lines, has put its highly-prized System One computer reservation system into a joint venture with Electronic Data Systems, the General Motors office automation subsidiary.

EDS, which had been interested in entering the rapidly-growing computer reservations market, agreed to pay Texas *Air $250m for the equipment* and services which the airline group would be contributing to the 50-50 joint venture.

The joint venture agreement, which Mr Frank Lorenzo, Texas Air's chairman, repeatedly refused to describe as a "sale" of System One, would nevertheless provide the company with a badly needed cash injection at a time when its negotiations with Eastern Air Lines' creditors are at a crucial stage.

According to airline analysts, Texas Air will almost certainly have to offer Eastern's creditors substantial cash repayments if it is to win their assent for a new reorganisation plan to be filed shortly with the US bankruptcy court.

In its previous reorganisation proposal, Eastern Air Lines suggested paying unsecured creditors less than 50 cents on the dollar and compensating them for their losses *with warrants equivalent to* about 40 per cent of Eastern's equity.

Texas Air would therefore have remained the company's controlling shareholder.

Creditors are believed to have pressed for substantially bigger cash repayment as well as a large share of the equity in the parent company, rather than in the Eastern subsidiary.

In response, Mr Lorenzo is believed to be preparing a new proposal which would meet some of the creditors' demands.

Suntory increases profits despite slow sales growth

By Stephen Fidler in Tokyo

SUNTORY, the Japanese drinks group which has a shareholding and marketing alliance with Allied-Lyons of the UK, yesterday reported a strong rise in pre-tax income last year, compared with its shortened 1988 fiscal year, but only modest growth in sales.

Pre-tax income in 1989 rose to Y18.09bn ($124.5m), compared with Y11.38bn in the nine months from April 1988. The company reported its results on a March year-end basis before 1988.

Operating profit was Y26.61bn against Y15.52bn, while net income fell to Y6.16bn from Y6.80bn.

Turnover rose 23.1 per cent overall to Y630.96bn. Sales growth was fastest – 55 per cent – in its foods and non-alcoholic beverage division, its smallest unit with 1989 turnover of Y110.64bn. But beer division sales rose 14.6 per cent to Y197.97bn, and distilled liquor and wine sales by 20.9 per cent to Y468.4bn.

The company projected total sales of Y860bn in the current year, pre-tax profit of Y30bn and net income of Y11bn.

Simmons plans battle by proxy for Lockheed seats

By Alan Friedman *in New York*

MR HAROLD Simmons, the billionaire corporate raider from Dallas, is planning a proxy battle next month to try to name his slate of directors to the board of Lockheed, the military aerospace group in which he has built up an equity stake of 18.9 per cent.

Earlier this month Lockheed rejected Mr Simmons' request for six of its 15 board seats. But Mr Simmons is not giving up.

He said in a filing with the US Securities and Exchange Commission (SEC) that he planned to nominate a slate of Lockheed directors.

The company has just announced that its annual meeting will be held on March 29. Under Lockheed's by-laws shareholders may nominate directors for up to 10 days after the meeting is announced.

Mr Simmons is facing an SEC investigation for possible violations of US federal securities laws related to his dealings in Lockheed shares.

In a recent interview he stated that he had "absolutely no concern that we have violated any laws."

Gulf International Bank in red

By Our Financial Staff

GULF INTERNATIONAL Bank (GIB), the Bahrain-based offshore bank, made $725m in provisions last year against its sovereign lending to less developed countries, plunging it into loss and entirely absorbing the proceeds of a capital increase announced a month ago.

At that time GIB, which is owned by seven governments in the region, indicated that further capital-raising measures could involve the sale of shares to private citizens.

But yesterday Mr Ghazi Abdul-Jawad, general manager, said this would have to wait until profitability was re-established.

"I believe that we have put the problem behind us," he said, adding that its risk asset ratio of 7.7 per cent now exceeded Bahrain Monetary Agency guidelines, which themselves broadly match those drawn up by the Basle-based Bank for International Settlements.

At the operating level, non-payment of interest by LDC borrowers dragged income down to $32.5m compared with $45.6m. After the charge the net loss for 1989 was $692.5m.

Of the $419.1m authorised capital increase, $359.2m has been issued and the remainder will come this year from the seven states – Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Total assets grew 7.5 per cent last year to $9.9bn. GIB, which has withdrawn from new sovereign lending to LDC nations, aims to expand in trade finance, treasury services and Islamic banking.

Chugai suffers downturn

By Our Financial Staff

CHUGAI Pharmaceutical, a Japanese producer of ethical drugs, showed an earnings setback last year and expects only a partial recovery in 1990, blaming pressure on profit margins from fierce competition and the costs involved in research and development.

Parent company pre-tax profits dipped 7.2 per cent to Y16.28bn ($112m) from the previous Y17.46bn and are forecast to reach only Y16.5bn this year.

The downturn occurred in spite of a 3.3 per cent rise in sales to Y128.59bn – the projection for the current year is for a strong advance in turnover to Y139bn.

The total dividend for last year is being maintained at Y7.50 a share, paid from net earnings per share of Y27.86 compared with Y31.22.

INTERNATIONAL CAPITAL MARKETS

Focus of new issue deals moves to sterling sector

By Norma Cohen

EUROBOND markets recovered their composure yesterday after suffering treacherous trading conditions for most of the week.

The focus of new issue activity lay in the sterling sector where two deals, both lead managed by S.G. Warburg Securities, came to market.

Despite nervousness about possible rises in UK interest rates, Warburg and Credit Suisse First Boston brought a £150m 25-year Eurobond for Hydro Quebec priced to yield 155 basis points over the UK Government's 9 per cent stock due 2008. This is the borrower's first foray into the sterling markets in two years.

At fixing, the issue was assigned a coupon of 12⅝ per cent and priced at 99.958 to achieve an effective yield of 12.255 per cent. The underwriters said that 55 per cent of the issue had been placed with institutions, leaving the two firms holding about £67m worth of securities between them at the end of the day.

While dealers termed the pricing "sensible," they noted that anxiety about UK rates is forcing even high quality borrowers to offer a premium and said the pricing might not have been generous enough to attract accounts. They also *questioned the timing of the issue.*

However, Warburg said it brought the deal because it noted that spreads on long-term sterling paper had tightened by about 10 basis points in the past week due to lack of supply, and that it was satisfied with the volume of sales it had achieved on, the first day.

Meanwhile, Warburg also led a £200m mortgage-backed floating-rate note offering for Collateralized Mortgage Securities Number 3, a vehicle established to buy securities from National Home Loans. The securities carry a margin of 25 basis points over three-month London interbank offered rate (Libor), and, at an issue price of 99.78, offer investors a 30 basis point spread.

The securities will be assigned AAA ratings from the credit rating agencies by virtue of a £15m to £20m "class B" tranche of subordinated debt. The cash flow from this will cover investors against defaults on home loans.

Dealers said the issue had been well priced, particularly when compared against recent building society floaters carrying margins of only 1/16 over Libor. While CMO No.3 has an *uncertain final maturity and* an estimated 6¼ year average life — a drawback for some investors — dealers said the spread appeared generous enough to overcome concerns.

Meanwhile, Republic of Turkey's $200m Eurobond launched on Wednesday has not been seen widely traded in the market. After being quoted on brokers' screens at less 2¼, Mitsui said it was offering to buy securities itself at less 1⅝ per cent, well inside fees.

The firm said that the bonds' reception had been warmer than the brokers' market suggested. The lead manager also said that co-lead managers had received firm allocations of $10m bonds each, despite reports that some had taken no bonds on to their books.

In Switzerland, some expected offerings of equity-linked issues by Japanese companies have apparently been postponed due to chaotic conditions in Tokyo's debt and equity markets.

● Moody's Investors Service says it has placed under review all the debt ratings of R.H. Macy and Co, the US-based department store chain, for a possible downgrade because a decline in that company's operating profits and margins is expected.

Macy's senior debt is already well below investment grade at Ba3. Moody's says that the recent competition in retailing brought about by the difficulties *of Federated Department* Stores and Allied Corporation has intensified competition for Macy's and will affect its future cash flows.

INTERNATIONAL BONDS

Fund set up to invest in east Europe companies

By Norma Cohen

GT CAPITAL Management, a fund management group, has filed with the US Securities *and Exchange Commission to* offer shares in a new fund which will invest a portion of its cash in eastern European debt and equity.

The fund, to be known as GT Greater Europe Fund, will invest *at least* 65 *per cent of* its total assets in a broad range of securities of both western and eastern European issuers.

The fund plans to invest about half its funds buying shares of western companies that are likely to obtain joint-ventures or other business with newly liberalised eastern European nations. These will include those western companies likely to win contracts as part of economic reconstruction in eastern Europe.

About 20 per cent of the fund will be placed into illiquid investments, such as high-yielding dollar denominated eastern bloc debt, and debt/equity swaps in which eastern European debt held by western banks is converted into local currency for use in joint ventures.

Funds may also be invested in East German companies that have sought listings in West Germany.

A further 30 per cent of funds will be invested in less-developed western capital markets such as those in Portugal, Turkey, Jordan, Israel and Greece.

The company has filed to offer 7m shares of beneficial interest at an initial price of $15 each.

The offering is being made through an underwriting syndicate managed by Merrill Lynch Capital Markets and A.G. Edwards and Sons.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Coll.Mortgage Secs.No.3(b)‡◆	200	25bp	100	2030	32/22bp	S.G Warburg Secs.
Hydro-Quebec◆	150	12⅝	99.958	2015	⅝	S.G. Warburg Secs.
FRENCH FRANCS						
EIB(a)◆	1bn	10.40	99.65	1998	1.05/85bp	Banque Indosuez

‡Floating rate notes. ◆Final terms. a) Non-callable. Domestic issue. b) 25bp over 3-month Libor first 10 years, 50bp over Libor thereafter. Average life 6½ years. Fixed re-offer price 99.78.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 9¼ 95	150	99⅞	100⅜	0	-0⅝	9.30
Brit. Tel. Fin. 9⅞ 98	250	99⅝	100⅛	0	-0⅜	9.38
Canada 9 96	1000	99⅞	100⅜	-0⅛	-1	8.97
C.C.C.E 9¼ 95	300	99¼	100⅞	-0⅛	-0⅜	9.25
C.N.C.A 9⅜ 93	150	†99⅝	100⅛	-0¼	-0⅜	9.38
Credit National 7⅛ 92	100	96⅝	97⅛	-0⅛	-0⅛	9.00
Credit National 9½ 92	160	†100⅝	101⅛	-0⅛	-0⅝	9.12
Dai-Ichi Kan 9⅝ 92	150	100⅜	101	-0⅛	-0⅜	9.29
Denmark 8¼ 94	150	†95¾	96¼	0	-0⅜	9.36
E.E.C. 7 91	100	96⅝	97⅛	0	-0⅛	8.95
E.E.C. 10 93	140	*†102	102⅜	0	-0⅜	9.16
E.I.B. 8½ 99	150	94¼	94⅝	-0⅛	-1⅛	9.37
Eurofima 10⅛ 93	100	†102¼	102⅝	0	-0⅛	9.19
Elec. De France 9 98	200	98½	99	0	-0⅛	9.22
Elec. De France 9⅝ 99	200	†100⅜	100⅞	+0⅛	-1⅛	[illegible]
Finland 9 96	250	†98½	99	-0⅛	-1⅛	9.25
Fin. Exp. Cd. 8½ 92	200	98½	99	0	-0⅛	9.10
Fin. Exp. Cd. 9⅛ 95	200	†100⅜	100⅞	+0⅛	-0⅜	9.21
Ford Motor Credit 8 91	250	†98⅞	99⅛	0	-0⅛	8.99
Gen. Elec. Cap. Crp. 10 1/2 91	300	†101¼	101⅞	+0⅛	-0⅛	8.94
G.M.A.C. 8⅝ 94	100	†95⅞	96⅜	+0⅛	-0⅜	9.65
G.M.A.C. 9 96	300	97	97⅜	-0⅛	-1⅛	9.60
Gen. Mtrs. Corp 9⅛ 92	300	99½	100	0	-0⅜	9.26
IBM Credit Corp. 8⅜ 92	400	98⅞	99⅜	-0⅛	-0⅛	9.03
IBM Credit Corp. 8⅞ 91	250	99⅝	99⅞	0	-0⅛	9.07
IBM Credit Corp. 9 92	250	99⅝	100⅛	-0⅛	-0⅛	9.01
IBM Credit Corp. 9⅛ 92	250	100⅝	101	-0⅛	-0⅛	9.07
Italy 8½ 94	1500	97⅛	97⅝	-0⅛	-0⅛	9.19
Italy 9⅛ 93	1000	100⅜	101⅛	-0⅛	-0⅜	[illegible]
Italy 9⅝ 99	1000	100⅜	101⅛	-0⅛	-1⅛	[illegible]
Ital. C. W/W 4⅝ 96	1000	†104½	106	+0⅝	-4⅛	3.30
Japan Dev. Bank 10 96	200	102⅞	103⅜	-0⅛	-1⅛	9.35
KfW Intl. Fin. 9 96	300	98⅞	99⅜	-0⅛	-0⅜	[illegible]
L.T.C.B. of Japan 8⅝ 96	200	96	96½	-0⅛	-1⅛	9.53
L.T.C.B. of Japan 9⅝ 92	200	99⅞	100⅜	-0⅛	-0⅛	[illegible]
New Zealand 9 94	600	98⅞	98⅞	-0⅛	-0⅛	9.46
Nippon Tel & Tel. 8⅞ 96	200	95⅞	95⅞	-0⅛	-1⅛	9.39
Nippon Tel & Tel. 9⅝ 98	250	99⅞	100⅜	0	-1⅛	9.36
Norway 8⅞ 93	300	99⅜	99⅞	-0⅛	-0⅛	8.94
Portugal 8⅞ 97	300	†98⅝	99⅛	0	0	9.36
Sumitomo Corp. W/W 4 93	1500	†110⅞	112	+0⅛	-7⅛	0.59
Sweden 8⅞ 96	200	97⅜	98⅛	+0⅛	-0⅛	9.13
Toyota 9⅛ 93	200	100⅜	100⅞	0	-0⅛	9.00
Toyota Mtr. Corp. W/W 4 93	1500	†102⅞	104	+0⅛	-2	2.94
Victorian Rep 11⅛ 92	150	†104⅛	104⅝	+0⅛	-0⅛	9.20
World Bank 8⅞ 99	1500	96⅛	96⅝	+0⅛	-1⅛	8.83
World Bank 9 97	300	[illegible]	99⅜	+0⅛	-0⅜	9.12
World Bank 9 93	300	†99⅞	100⅜	-0⅛	-0⅛	[illegible]
World Bank 9¼ 98	300	99⅜	99⅞	0	-1⅛	9.32
World Bank 9⅝ 99	500	102⅜	102⅞	-0⅛	-1⅛	9.35
World Bank 9⅞ 96	300	†101⅞	102	0	-1⅛	9.29

Average price change... On day +0⅛ on week -1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	85⅝	86⅜	+0¼	-1⅜	9.66
Austria 6⅛ 99	750	85⅝	86¼	+0⅛	-0⅛	9.06
Bk.Frgn.Econ. USSR 7 96	750	†85	86	0	-2⅛	10.31
Bank of Tokyo 5⅜ 93	100	—	—	—	—	—
Commerzbank o/s. 5⅛ 93	300	90¼	90⅝	0	-1⅛	9.33
Credit Foncier 6⅛ 99	500	†84¼	84⅜	0	-1¼	10.47
E.I.B. 6⅛ 99	600	81⅜	82⅜	0	-1	9.23
E.I.B. 6½ 99	300	82⅞	83½	+0⅛	-3⅛	9.32
E.I.B. 6⅝ 96	600	88½	89⅛	+0⅜	+1⅛	9.06
E.I.B. 6⅞ 95	300	89⅛	89⅞	+0⅛	-0⅝	9.34
E.I.B. 8 2000	500	94⅝	95	+0⅛	-2⅛	8.79
Euro.Coal& Steel 7⅛ 94	100	†98½	99	0	-0⅜	8.06
Eurofima 6⅛ 96	100	85⅝	86⅛	0	-2⅜	9.26
Elec De France 5⅛ 97	300	81	81⅝	+0⅜	-0⅛	9.37
Hydro-Quebec 6⅛ 99	300	84⅜	85⅛	0	-1	9.30
Japan Dev. Bk. 5⅜ 95	300	83¼	84	0	-0⅛	9.52
Japan Finance 5⅜ 97	100	81⅜	82	0	-1⅛	9.43
I.A.D.B. 7⅛ 99	300	87⅜	88	+0⅛	-1⅛	9.27
Ireland 6½ 97	300	†83⅞	84⅛	0	-1⅞	9.66
Ireland 7⅛ 99	500	85⅞	86½	0	-1⅜	9.53
Malaysia 6⅛ 94	150	94¼	94⅞	-0⅛	-0⅛	7.73
Nat. West BK. PLC 6 98	300	80⅞	81⅝	+0¼	-2⅜	9.38
Nippon Telg. &Tel. 6 95	400	84⅞	85⅝	0	-1⅞	7.20
Oesters. Kontbk. 5 93	300	88⅛	88⅞	+0⅜	-2½	9.73
Portugal 5⅜ 92	150	91½	92¼	+0⅜	-1⅛	9.61
Portugal 6⅜ 95	150	90⅝	91¼	-0⅛	-2	8.82
Royal Insurance 5½ 92	300	91⅞	92⅛	0	-0⅛	9.83
Turkey 6½ 95	500	87	87⅛	+0⅜	-0⅛	9.68
Union Bk. Finland 5½ 94	200	†87⅛	87⅝	0	-2⅜	9.51
World Bank 6 98	500	†80⅜	81⅛	0	-1	9.30
World BK. 6⅛ 97	600	83⅝	83⅞	+0⅛	-1	11.18
World Bank 6⅛ 99	600	85¼	85⅝	+0⅛	-0½	9.09

Average price change... On day +0⅛ on week -1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†84½	85½	0	-1	8.07
Asfinag 5 03	100	†80½	81½	0	0	7.25
B.F.C.E. 4⅛ 98	200	[illegible]	84⅛	+0½	+0⅛	7.09
B.M.W. Fin.Neth. 5 13	150	†73⅛	74	+0⅛	+0⅛	7.40
Britannia B/S. 4⅛ 94	100	†86	87	+1½	+1	8.08
CIR. Int. W/W 3 93	125	†83	84	0	+0⅜	8.81
Credit Lyonnais 4⅞ 00	100	†78	80	0	-0⅜	7.79
E.I.B 4⅜ 98	150	†82¼	83½	+0⅛	-0½	7.45
Finn. Exp. Cd. 8⅛ 92	75	†97¼	98	+0⅜	-0⅛	9.16
Fletcher Chall. 4⅞ 98	150	†74½	76½	+0½	+0⅛	9.30
I.A.D.B. 6 2004	200	†89	89½	0	-0½	7.21
Kobe City 4⅝ 98	150	†82	83	0	-1⅛	7.51
Leeds Perm. B/S. 4⅛ 93	200	†86	86½	-1⅛	-2	9.37
Malaysia 5⅛ 98	100	†76½	77⅛	0	-0⅜	9.32
Maxwell Comm.Crp. 5 95	150	†80½	81	0	-0⅜	[illegible]
Nat. Bk. Hungary 5½ 94	75	†84	85	-1	-2	9.66
Nationwide Ang.B/S. 4 93	200	†87	88	+0⅛	+2	8.47
Prov. Newfoundland 5 03	150	†78½	79½	+0⅛	-1½	7.49
Thailand 4⅜ 95	200	†82	83	0	-1½	8.84
World Bank 5 03	150	†81	82	0	+1⅛	7.18

Average price change... On day +0 on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99¼	99½	0	+0⅛	0.07
Canada 5⅛ 93	80	96¼	96½	0	-0⅛	6.83
Cr.Local France 6⅛ 94	300	96⅝	96⅞	0	-0⅛	6.57
Denmark 6⅛ 95	300	96½	96⅞	-0⅛	-0½	6.58
E.I.B. 4⅞ 93	30	94⅛	94⅜	0	0	[illegible]
Norway 5⅛ 95	50	92⅛	92⅞	0	-0½	[illegible]
Sweden 4⅝ 93	50	93½	93⅞	+0⅛	0	6.84
World Bank 5⅛ 96	10	88⅞	89⅛	+0⅛	-0⅛	[illegible]
World Bank 7 94	20	100⅝	101⅛	0	-0⅛	6.74

Average price change... On day -0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅛ 94 C$	150	92⅝	93¼	+0⅜	-0⅛	12.32
Abbey Nat. 11⅝ 93 £	100	94	94½	-0⅛	-0⅛	14.13
Aegon 7⅛ 92 FL	100	98	98⅛	+0⅛	0	8.04
Alg. Bk. Ned. 5⅛ 93 FL	200	91⅛	92½	+0⅛	-0	8.89
Austria 7½ 94 ECU	100	†89⅛	89⅞	+0⅛	0	10.04
Barclays Aus.13½ 91 A$	100	96⅛	97⅜	+0⅛	0	15.54
Belgium 8⅛ 94 Ecu	150	[illegible]	91⅛	+0½	-0⅛	10.84
Bell Canada 10⅞ 04 C$	200	93⅛	94⅜	-0⅛	-1⅛	11.73
BP Capital 9⅛ 93 £	100	89½	90⅛	0	-1	13.98
British Airways 10 98 £	100	84⅝	85⅜	-0⅛	-1⅛	13.13
Brit. Telecom 9½ 93 £	150	†90¼	90⅞	+0⅜	+0⅛	13.49
Comnr. Bk.Aust. 12⅝ 93A$	100	†93⅞	94⅛	0	-0⅛	14.97
Comm. Bk.Aus. 13⅛ 94 NZ$	60	101½	102⅜	0	-0⅛	13.11
Credit Foncier 9 96 Ecu	100	91⅜	91⅞	+0⅛	-1⅛	10.86
CrLocalFrance 9⅛ 92Ecu	100	97⅛	97½	+0⅛	0	10.60
Deut.Bk.Aus. 13⅛ 93 A$	125	97½	98	+0⅛	-0½	14.13
Deutsche Bk.Fin. 15 94 A$	100	101⅞	101⅞	0	-0⅜	14.40
Elec. De France 9⅛ 99C$	150	88⅝	89½	+0⅛	-1⅛	11.72
E.I.B. 7 96 LFr	100	†89	89½	+0⅛	-4⅛	9.44
E.I.B. 7⅛ 99 FL	150	87⅛	88	+0⅛	-0⅛	9.07
E.I.B. 9 99 Ecu	150	91½	92	-0⅛	-0⅜	10.43
Eurofima 7⅞ 94 Ecu	100	89⅛	89⅞	-0⅛	-0⅞	11.01
Export Dv.Crp.8⅛ 92Ecu	100	†96⅛	96⅛	0	+0⅜	10.67
Fed.Bus.Dv.Bk. 9 94 Ecu	100	93⅞	94⅛	-0⅜	-0⅛	10.73
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†94½	95	+0⅛	-0½	12.47
Ford Cr Can.10⅛ 93 C$	100	†95⅝	96⅛	+0⅛	-0⅝	12.49
Ford Cred.Can.10⅞ 96C$	125	94⅛	94⅞	+0⅛	-0⅛	12.21
Ford Cred.Fund.10⅜ 93£	60	90⅛	91⅜	-0⅛	-0⅛	13.96
G.M.A.C.Canada 11 3/494C$	100	97½	98⅛	+0⅛	-0⅞	12.44
Heineken 7⅝ 94 FL	150	96⅜	97	+0⅛	-0⅛	8.05
Hydro-Quebec 11 99 C$	400	94⅞	95⅛	-0⅛	-1⅛	11.96
Lloyds Bank 10⅛ 98 £	150	85⅛	85⅞	-0⅛	-0⅛	13.28
Lloyds Bank 11⅜ 98 £	100	†89⅝	90⅛	-0⅛	-0⅛	13.38
Nat. Aus. Bk. 14⅜ 94A$	100	99⅞	100⅛	-0⅛	-0⅛	14.74
New Zealand 9½ 93 £	100	88½	89⅛	+0⅛	-0⅜	14.09
O.E.K.B. 10⅛ 99 C$	150	91⅛	91⅛	0	-1⅛	11.76
Royal Bk.Scot.10⅞ 98 £	125	87½	88	0	-0⅞	13.25
Saskatchewan 10⅛ 93 C$	200	94½	95	+0⅛	-0⅛	12.04
State Bk.NSW. 13⅞ 93A$	100	97⅞	98⅛	+0⅛	0	14.50
Sweden 7½ 93 Ecu	250	—	—	—	—	—
Sweden 15 94 A$	100	101⅛	101⅝	-0⅛	-0⅞	14.51
Toyota Mtr Cr.10⅜ 94C$	150	93⅝	94⅛	+0⅛	-0½	12.09
Toyota Mtr.Cr.11⅛ 92C$	150	97⅛	97⅝	+0⅛	-0⅛	12.71
World Bank 7⅛ 99 FL	300	87⅝	88⅛	+0⅛	-0⅛	9.11
World Bank 10⅞ 94 £	200	92	92½	0	-0⅛	13.22
World Bank 13⅛ 92 A$	100	98½	99	0	-0½	13.91
World Bank 14⅛ 94 A$	75	100	100½	0	-0⅛	14.10
Zentrspk 13⅛ 93 A$	75	†97⅛	97⅝	0	-0½	14.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.89	99.94	24/04	15.33
Bank of Greece 99 US	10⅛	99.11	99.21	8/03	9⅛
Belgium 91 US	0	100.09	100.20	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.80	99.85	28/02	15.31
Credit Foncier 98 US	.063	99.70	99.81	20/04	8.31
Dresdner Finance 99 DM	†.031	100.23	100.33	28/04	6.97
EEC 3 92 DM	10	100.48	100.58	22/02	6⅛
Halifax BS 94 £	.1	100.03	100.08	9/02	15.16
Invt. in Industry 94 £	0⅛	99.97	100.06	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.07	100.12	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.89	99.94	29/03	15⅛
New Zealand 5 97 £	.07	99.99	100.09	22/02	15⅛
Northern Rock 92 £	0⅛	99.84	99.89	30/04	15.18
State Bk. Nsw. 98 US	.188	99.96	100.06	11/02	8.81
Woolwich Equit. BS. 93 £	0⅛	100.01	100.24	17/04	15.37
Woolwich 5 95 £	0⅛	100.00	100.31	22/02	15.31

Average price change... On day +0.01 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62.	107⅛	108⅛	-0⅞	8.06
Amer. Brands 7⅛ 02 US	9/87	56.7	114⅝	115⅝	-0⅞	1.79
Asda 4⅛ 02 £	3/87	1.64	100⅝	101⅝	+0⅛	56.00
CBS Inc 5 02 US	4/87	200	96⅝	97⅜	+0⅛	7.19
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	85⅞	86⅞	-1⅛	5.58
Daiwa Bank 3⅛ 95 US	2/90	1628.	94⅛	95⅛	-0⅛	1.70
Primerica 5½ 02 US	4/87	66.75	70½	71½	0	82.28
Eng.China Clay 6⅛ 03 £	9/88	4.8	84⅞	85⅞	+1⅛	6.17
Fujitsu 3 99 US	5/84	1106.	208	209	+1⅞	-0.24
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	98⅛	99⅛	-0⅛	20.47
Land Secs. 6⅛ 02 £	6/87	6.72	81⅞	82⅞	-0⅛	12.74
Minolta Camera 2⅛ 94DM	2/86	1004	102	103½	-2	9.80
MCA Inc 5½ 02 US	†9/87	69.62	92	93	-0⅛	22.09
Mitsubishi Bk. 3½ 04US	5/89	3266	84½	85½	+0⅛	4.88
Next Plc 5⅞ 03 £	11/87	4.3	95⅛	96⅛	0	300.25
Nikko Nipp. Bk 2⅞ 03 US	4/88	804	145	146	-0⅞	-4.11
Omnicom Inc. 6 1/2% 04 US	10/89	28	101⅛	102⅛	-0⅛	24.37
Omron Tateisi 2⅞ 02 US	4/87	1310	247½	248½	-11½	-0.78
Ranks Hovis 4⅛ 03 £	†7/88	3.5	115⅛	116⅛	-0⅛	1.50
Redland 7⅛ 02 £	1/87	5.4	102	103	+0⅛	3.46
Saatchi&Stchi 6⅛ 03 £	†10/89	4.41	72	74	-9	59.37
Silicon Graphics 8 04 US	10/89	23.18	135	136	-1⅛	0.51
Sumitomo Bank 3⅛ 04 US	2/89	3897	83	82	-1⅞	11.22
Texas Inst. 2⅛ 02 US	9/87	82.87	75⅛	76⅛	-0⅛	88.81
Utd. N'papers 8 04 £	10/89	8.77	118⅛	119⅛	-2⅛	186.36
W.R. Grace 6⅛ 02 US	9/87	42.12	89⅛	90⅛	-0⅛	29.08

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

West German bunds close higher in nervous trading

By Andrew Freeman in London and Janet Bush in New York

IN WEST Germany, nervous trading saw a strong start give way as the day wore on, and by the close prices still showed improvements but were well off their highest levels.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	93-06	-03/32	12.67	12.38	12.51
		10.500	5/99	93-22	-10/32	11.82	11.38	11.28
		9.000	10/08	[illegible]	-09/32	10.69	10.32	10.30
US TREASURY *		8.500	2/00	99-06	-03/32	8.62	0.00	0.00
		8.500	2/20	98-11	-05/32	8.66	0.00	0.00
JAPAN	No 119	4.800	6/99	88.4327	-0.301	6.83	6.80	6.64
	No 2	5.700	3/07	94.2112	-	6.41	6.29	6.46
GERMANY		7.125	12/99	90.0500	-	8.67	8.56	7.72
FRANCE	BTAN	8.000	10/94	90.2750	+0.865	10.74	10.77	10.38
	OAT	8.125	5/99	88.1900	+0.500	10.14	10.12	9.59
CANADA *		9.250	12/99	92.1250	-	10.56	10.40	9.86
NETHERLANDS		7.500	11/99	90.9000	+0.650	8.93	8.94	8.32
AUSTRALIA		12.000	7/99	93.1797	-	13.28	13.14	12.74

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Trading was once more dominated by volatile activity on the futures market.

The bund futures contract opened nearly 30 pfennigs above Wednesday's close of 82.57, and within minutes had reached 83.20, the day's best level.

Thereafter it traded down fairly steeply, hitting 81.92 before rallying towards its close at 82.85.

The cash market was less active, but here, too, early gains were largely lost and prices overall were up to ¼ point better by the end of trading.

The benchmark 7¼ per cent bund maturing 2000 was fixed at 93.50 to yield 8.76 per cent.

Analysts noted that the money supply figures due this week had still not been released by the Bundesbank and said there were no new factors driving the market.

■ US Treasury bonds were quoted unchanged to marginally higher at midsession yesterday in defensive trading in advance of an auction of five-year bonds.

The benchmark long bond was quoted ⅛ point higher for a yield of 8.63 per cent, while most short-dated maturities were unchanged.

The cautious mood before the auction prevailed, despite the strong demand seen at Wednesday's sale of $10bn in two-year bonds.

Prices had started off slightly lower, but edged higher during the morning.

Yields have risen considerably recently, which should ensure a reasonable level of demand at the five-year auction.

There was also understandable caution because Mr Alan Greenspan, chairman of the US Federal Reserve, was scheduled to continue his Humphrey-Hawkins testimony to the Senate Banking Committee yesterday morning.

The stabilisation in the West German and Japanese bond markets midweek have helped US Treasuries to remain steady in the face of depressing news on the economic front.

Mr Greenspan said on Tuesday that the US may have avoided the danger of an imminent recession but that it still faced a risk of accelerating inflation.

His comments were followed by news on Wednesday of a 1.1 per cent jump in US consumer prices in January, the highest monthly gain since June 1982.

Although more than half that rise was explained by the cold weather, there were larger than expected gains in some price categories.

The bond market has probably largely discounted the fact that there seems no prospect of interest rates being reduced in the US because of robustness in the economy and the sharp rise in interest rates overseas.

However, it will remain vulnerable to movements in bond markets abroad, particularly in Japan and West Germany.

■ The UK gilts market had an indecisive day. For much of the session it followed continental European markets, opening around ⅛ higher before quickly dropping back.

A familiar combination of negative factors came into play.

Analysts cited increasing concerns that domestic UK inflation was proving difficult to control, worries which were barely assuaged by Prime Minister Margaret Thatcher at Parliamentary question time.

News that rail workers had demanded large pay increases at the start of their wage round appeared to confirm the gloomy picture.

The launch of a £150m Eurosterling issue for Hydro Quebec affected sentiment at the long end of the gilts market, where prices fell by around 14 ticks at one stage.

Towards the close, the benchmark 11¾ per cent 2003-07 issue was trading at 103$\frac{11}{32}$, down by $\frac{3}{32}$ to yield 11.22 per cent.

At the shorter end, losses were restricted to no more than ½ point. Traders noted the continued absence of retail investors.

The general lack of direction also reflected uncertainty over the decision in the Hammersmith and Fulham local authority swaps case, due late yesterday.

Authorities intervene in DG Bank repo row

By Katharine Campbell in Frankfurt

THE FRENCH and West German monetary authorities were yesterday in consultation regarding a dispute between *Deutsche Genossenschaftsbank* and three French banks over transactions in the West German government bond market.

The French banks have also met at the Bank of France, but would not comment on the outcome of the meeting.

One French bank official said that the episode put into question the credibility of the West German banking system.

The dispute concerns whether a senior bond trader at DG Bank, now dismissed, did or did not enter into repurchase agreements with the French institutions.

The German bank says the bonds were sold, as the documentation shows, with no commitment to buy them back. The French counter that the trader made commitments to buy them back. But, says DG, these "supplementary commitments" were undocumented, and not mentioned by the trader to his superior.

In Frankfurt DG Bank again made clear yesterday that it did not intend to repurchase the bonds in question.

"We have sold these securities definitively and there is no foundation for alleged further commitments on our side, in particular no 'repo' commitment. Nothing in the mutually accepted documentation referred to repos."

Financial group in new company

LAURENTIAN Group, an integrated financial services group, is bringing its Canadian life insurance and fund management services under one new management company with assets of around C$7bn (US$5.8bn), writes Robert Gibbens from Montreal.

The principal units are Imperial Life Assurance, one of the biggest life companies in Canada, Laurentian Life Insurance and Laurentian Financial Services.

Pressured banks turn aggressive

Andrew Freeman on how the Swiss are coping with a poor market

The Swiss foreign bond market has been in the doldrums for many months, so the recent collapse of bond prices around the world has had less effect on morale in Zurich and Geneva than in other financial centres.

However, the poor conditions which made issuing fixed-rate bonds so difficult in *Switzerland last year have* been putting pressure on the way banks underwrite deals and do business with each other. Paradoxically, the opening of the public market for straight deals this year appears to have increased the pressure rather than relax it.

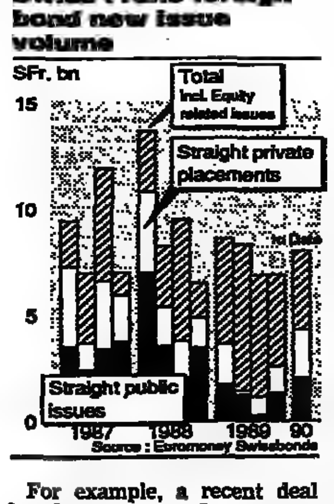
The opening of swap opportunities since early January led to a rush of straight deals, many of which traded outside fees within a few days of launch. Traders said too many deals had been mispriced and noted a dangerous overhang of paper in the market.

This opportunistic issuing seemed to signal a shift in the attitude of the banks which make up the fixed syndicates by which public deals are launched.

The private placement market for note issues in Switzerland has always worked on an ad hoc basis, with syndicates being formed to suit particular deals. Now the distinction between this and the market for public, listed deals appears to be breaking down.

Banks in general, including Crédit Suisse, Swiss Bank Corporation and Union Bank – the so-called Big Three – have become more aggressive about not entering each others' deals if they believe the terms to be wrong.

Swiss Franc foreign bond new issue volume



Source : Euromoney Swissbonds

For example, a recent deal for the European Investment Bank was put out to competitive bidding. When the mandate was won by Crédit Suisse, UBS declined its invitation and SBC took only half its commitment.

The situation became more tense when within a few days UBS launched a private placement for the EIB, despite knowing that the public deal was still in the primary market.

In most public deals this year, it has become usual for one or more of the Big Three to be absent.

This development, although not necessarily signalling the end of fixed syndicates, suggests that competition has altered the nature of the long-standing agreement between members.

As one banker said: "We have become much more opportunistic. If a deal goes to someone else at the wrong terms, we don't hesitate to turn it down. If someone is too aggressive, it's their problem."

Another banker said: "It's now clear in difficult conditions that, although the fixed syndicate exists in theory, in reality each bank is on its own."

Asked to explain the change, most officials at the Big Three stress market conditions rather than a sea change. Other bankers are less sanguine. The new attitude is tacit acknowledgement that the fixed syndicate may be on the way out, to be replaced by the ad hoc method used in the private placement market.

Geneva-based Warburg Soditic has long argued that fixed syndicates are incompatible with bought deals, and believes that the syndicates will be dismantled in time. It contends that the combination of tight bidding and poor performance are inexorably driving the public market towards a more viable system.

Other factors suggest that the Soditic view may be coming into fashion. The recent over-supply of deals has made placement of paper much more difficult than it was in the arid conditions last year. Co-managers, to some extent taking their cue from lead managers, have not hesitated to dump paper either because they believe the effort needed to place it will not be rewarded or because a subsequent issue appears with more attractive terms.

This has led to complaints that co-managers are undermining the syndicate and putting more strain on the lead manager.

There has been a noticeable tendency for underwriting groups to consist of a smaller number of banks than before. Again, the argument by some big banks that this is a healthy sign of the market's new-found frankness appears disingenuous.

If syndicates are ever more tightly controlled and their membership limited, the rationale for large, fixed syndicates is undermined.

The final factor keeping the pressure on the system is the role played by the grey market, where new issues are traded before entering the secondary market. The inverse yield curve in Switzerland means that for lead managers to hold paper on trading accounts has become difficult and expensive. The transparency provided by the grey market has made it even harder.

In the past, banks could bring deals even in bad market conditions with some confidence that they could take time to place the bonds without losing too much money. Now, however, grey market prices stand as a marker clearly visible to all investors, hindering placement at different levels.

The paradox of the changes occurring in Switzerland is that they tend towards the consolidation of power in the hands of the big banks. The day when the market operates in a fully liberalised fashion might be drawing nearer, but it will not herald a sharp increase in the number of banks capable of bringing regular public deals.

Merrill joins Japanese warrants rush

By Deborah Hargreaves

MERRILL Lynch joined the rush to launch Japanese equity warrant funds yesterday at a bad time for the Tokyo stock market.

At least three equity warrant funds have been announced in the past two weeks as investment firms hurry to issue before the end of the financial year, when the Tokyo stock market usually stages a rally.

Merrill announced a $50m equity warrant fund with units offered at $30 each.

Each unit consists of three shares in the fund and one detachable warrant which can be exercised after five years into a further share at $10.

Merrill's fund will be managed by MIM Tokyo, which is stressing how cheap equity warrants have become in the light of recent falls in the Japanese market.

For this reason, Merrill says it expects to see some buying of the fund by institutions in the UK.

Merrill expects them to perceive the warrants as a cheap way to gain exposure to the Tokyo market.

However, these funds are aimed primarily at retail investors, particularly private clients in Hong Kong and Singapore.

Westpac issue gets off ground

WESTPAC BANKING yesterday said it had issued the first tranche of its transferable certificates of deposit programme announced on February 20, Reuter reports.

Westpac issued A$300m in the first tranche with a coupon of 13.5 per cent, maturing on March 15, 1993, said Mr Paul Skerman, Westpac's head of global treasury.

Programme dealers are Bain Capital Markets, CS First Boston Australian Securities and Westpac Fixed Interest.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday February 22 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Feb 21 Index No.	Tue Feb 20 Index No.	Mon Feb 19 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	853.10	+0.5	13.27	5.00	9.18	1.62	849.14	854.71	861.68	912.27
2	Building Materials (27)	1033.95	----	15.21	5.46	8.20	0.50	1033.97	1035.50	1052.59	1139.18
3	Contracting, Construction (37)	1430.85	+0.1	17.29	5.54	7.57	0.67	1429.08	1434.60	1447.23	1683.15
4	Electricals (10)	2396.64	+0.7	11.25	5.19	11.19	0.75	2379.05	2420.77	2442.68	2629.48
5	Electronics (30)	1892.33	+0.9	9.22	3.82	14.04	10.21	1875.54	1879.83	1891.14	2068.48
6	Engineering-Aerospace (8)	417.91	+0.7	14.47	5.20	8.49	0.04	414.91	417.56	420.08	0.00
7	Engineering-General (44)	458.72	+0.4	12.25	5.14	9.82	1.20	457.02	460.57	463.10	0.00
8	Metals and Metal Forming (6)	461.64	+0.5	25.54	6.51	4.42	0.00	459.47	463.71	465.80	519.01
9	Motors (16)	354.45	-0.6	14.91	5.95	7.86	0.00	356.76	360.74	364.12	368.14
10	Other Industrial Materials (25)	1545.00	+0.8	10.91	4.67	10.64	3.46	1532.44	1548.19	1556.80	1518.28
21	CONSUMER GROUP (177)	1234.07	+0.1	9.15	3.85	13.66	3.65	1232.36	1242.28	1254.06	1159.42
22	Brewers and Distillers (22)	1441.82	-0.1	9.69	3.65	12.73	6.54	1442.81	1450.19	1463.21	1299.54
25	Food Manufacturing (19)	1058.34	-0.2	10.13	4.19	12.37	1.70	1060.00	1074.26	1085.05	1036.09
26	Food Retailing (16)	2263.95	----	8.96	3.35	14.48	6.99	2265.24	2288.85	2302.14	1984.24
27	Health and Household (13)	2424.37	+0.7	6.46	2.70	18.44	0.20	2408.21	2426.94	2450.84	2071.18
29	Leisure (33)	1534.33	----	8.72	3.86	14.12	4.83	1533.76	1557.91	1564.63	1568.28
31	Packaging & Paper (13)	563.89	+0.3	12.46	5.50	10.14	0.90	562.23	567.01	572.32	585.57
32	Publishing & Printing (17)	3397.08	+0.2	9.52	5.18	13.40	21.20	3391.47	3443.94	3485.25	3675.03
34	Stores (31)	780.51	+0.3	11.15	4.81	11.47	1.78	778.42	782.56	790.58	768.05
35	Textiles (13)	584.14	-0.5	11.47	5.95	10.57	0.27	586.84	592.52	583.76	511.98
40	OTHER GROUPS (103)	1157.21	+0.5	11.86	4.84	10.84	0.34	1151.71	1164.72	1174.91	1029.10
41	Agencies (17)	1545.36	+0.4	6.78	3.41	18.14	0.85	1539.89	1564.09	1583.72	1234.91
42	Chemicals (22)	1165.62	+1.0	13.01	5.52	9.86	0.57	1154.57	1167.10	1179.92	1183.57
43	Conglomerates (13)	1581.17	+0.5	11.38	6.20	10.34	0.00	1572.84	1591.51	1607.14	1427.54
44	Transport (13)	2270.64	+0.5	10.66	4.23	11.96	2.88	2259.96	2257.30	2258.79	2272.74
46	Telephone Networks (2)	1210.70	+0.6	10.49	4.23	12.40	0.00	1203.30	1219.66	1238.13	1077.76
47	Water (10)	2053.31	+0.2	16.97	6.60	6.53	0.00	2050.12	2056.00	2071.88	0.00
48	Miscellaneous (26)	1843.42	----	9.68	4.46	11.66	0.71	1842.54	1872.67	1074.55	1431.84
49	INDUSTRIAL GROUP (483)	1127.93	+0.3	10.76	4.44	11.38	1.86	1124.23	1134.06	1144.18	1078.39
51	Oil & Gas (17)	2382.74	+0.2	10.14	5.05	13.04	6.21	2378.73	2404.11	2432.68	1883.86
59	500 SHARE INDEX (500)	1231.93	+0.3	10.67	4.53	11.59	2.20	1228.19	1239.27	1250.87	1147.32
61	FINANCIAL GROUP (114)	819.77	+0.5	–	5.25	–	0.99	815.69	819.16	823.31	738.07
62	Banks (9)	871.69	+0.7	19.15	5.81	6.09	1.48	865.70	866.65	863.13	735.59
65	Insurance (Life) (7)	1343.18	+0.6	–	4.95	–	0.00	1334.82	1338.88	1352.96	1027.25
66	Insurance (Composite) (7)	694.00	+0.7	–	6.45	–	0.00	689.32	691.77	700.19	585.07
67	Insurance (Brokers) (6)	1109.19	----	6.66	5.68	19.99	0.00	1108.88	1111.89	1115.18	1015.50
68	Merchant Banks (8)	493.58	+0.1	–	3.60	–	0.04	492.98	497.31	499.65	346.26
69	Property (49)	1140.77	+0.1	8.00	3.81	15.81	1.30	1139.93	1149.51	1149.45	1284.40
70	Other Financial (28)	323.58	+0.4	13.41	6.56	9.84	1.75	322.21	327.72	330.83	382.28
71	Investment Trusts (68)	1169.55	-0.4	–	3.16	–	1.13	1174.13	1194.31	1212.30	1068.90
91	Overseas Traders (5)	1396.58	----	10.89	6.55	10.80	30.79	1396.25	1404.57	1408.99	1396.75
99	ALL-SHARE INDEX (687)	1131.29	+0.3	–	4.61	–	2.04	1127.78	1137.48	1147.85	1048.43

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 21	Feb 20	Feb 19	Feb 16	Feb 15	Year ago
FT-SE 100 SHARE INDEX♦	2269.2	+9.5	2269.2	2251.5	2259.7	2277.8	2297.1	2325.9	2313.8	2016.6

FIXED INTEREST

	PRICE INDICES	Thu Feb 22	Day's change %	Wed Feb 21	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	114.45	-0.01	114.46	–	2.02
2	5–15 years	122.17	-0.15	122.35	–	2.34
3	Over 15 years	129.68	-0.20	129.93	–	1.46
4	Irredeemables	147.82	+0.16	147.59	–	0.00
5	All stocks	122.05	-0.10	122.17	–	2.15
	Index-Linked					
6	Up to 5 years	139.74	+0.16	139.52	–	0.94
7	Over 5 years	133.76	+0.21	133.48	–	0.81
8	All stocks	134.10	+0.21	133.82	–	0.82
9	Debentures & Loans	100.78	-0.15	100.93	–	1.14
10	Preference	80.13	+0.11	80.04	–	0.66

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 22	Wed Feb 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.94	10.93	9.12
2		15 years	10.60	10.58	8.95
3		25 years	10.50	10.48	8.87
4	Medium Coupons	5 years	12.15	12.12	10.45
5		15 years	11.01	10.98	9.42
6		25 years	10.62	10.61	8.99
7	High Coupons	5 years	12.27	12.24	10.56
8		15 years	11.22	11.19	9.64
9		25 years	10.77	10.75	9.17
10	Irredeemables†		10.52	10.53	8.82
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.52	4.57	3.44
12	Inflation rate 5%	Over 5 yrs.	4.01	4.02	3.51
13	Inflation rate 10%	Up to 5 yrs.	3.54	3.59	2.54
14	Inflation rate 10%	Over 5 yrs.	3.83	3.84	3.34
15	Debs & Loans	5 years	13.51	13.04	11.87
16		15 years	12.90	12.89	11.28
17		25 years	12.90	12.89	10.70
18	Preference†		11.51	11.53	10.03

♦Opening Index 2261.7; 10 am 2252.9; 11 am 2262.6; Noon 2265.2; 1 pm 2265.3; 2 pm 2264.1; 3 pm 2264.5; 3.30 pm 2264.5; 4 pm 2266.2 (a) 4.49pm (b) 9.46am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers; The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	18	62	18
Corporations, Dominion and Foreign Bonds	1	14	22
Industrials	374	320	904
Financial and Properties	143	170	383
Oils	37	20	35
Plantations	0	2	8
Mines	28	52	78
Others	87	77	85
Totals	688	717	1,533

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt. Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+or -
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or -
[illegible]							

TRADITIONAL OPTIONS

● First Dealings Feb 19
● Last Dealings March 2
● Last Declarations May 24
● For settlement June 4

For rate indications see end of London Share Service

Calls in Oliver Res., British & Comm., Aviva Pet., Dares Ests., Gaelic Res., Colorail, Bear Brand, Bula Res., Trimoco, Zurich and Empire Stores. Put and call in Stormgard.

LONDON TRADED OPTIONS

RENEWED speculative activity and a positive brokers' note made British and Commonwealth the most active stock option yesterday in an otherwise featureless market.

Options dealers said talk that British and Commonwealth could cut its dividend had prompted some speculative interest, although most thought it unlikely. In addition, James Capel's change in recommendation to a "speculative buy" from "sell" spurred a brisk market in the underlying British and Commonwealth equities.

A total of 1,781 British and Commonwealth options changed hands, of which 1,042 were calls and 739 were puts. The July 70 calls were the busiest, trading 858 lots. Turnover was boosted by the crossing of July 50 puts and 70 calls, 350 times each, one dealer said. In the cash market, British and Commonwealth finished 3 higher at 57p, on a turnover of 11m.

Aside from British and Commonwealth, may Guinness calls and United Biscuit puts were sold. But in terms of total market turnover, British Gas was the second busiest stock option. It traded 968 lots, of which all but 85 were puts. The June 220 put series was the most active, with 800 contracts traded.

British Telecom was third, as 946 lots changed hands. This total was divided between 503 calls and 443 puts, with the May 300 put series the busiest.

The latest results from ICI, which were as expected, prompted only modest activity in the options market. A total of 868 contracts traded, of which 362 were calls and 506 puts.

Total market turnover amounted to 19,630 contracts, compared with the 48,700 lots that changed hands on Wednesday when February stock options expired. The lower turnover on the stock market was cited as the main reason for option dealers' lack of business.

The expiry of February options led to a fall in the number of contracts outstanding at the close of business on Wednesday.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*466)	460	30	39	57	12	22	25
	500	10½	20	36	37	45	47
	550	3½	10	20	86	87	87
ASDA (*106)	100	14	19	22	4	6½	9
	110	8½	13½	16	8½	10	14
Brit. Airways (*197)	180	25	27	33	2½	6	8½
	200	10	14	21	8	15	17
	220	3	8	13	25	28	30
Brit Com (*57)	50	15	16	18	5	7	9
	60	7	11	15	9	13	15
SmKl Beecham A (*520)	460	70	83	98	4	8	11
	500	38	54	70	11	18	23
	550	13	29	43	40	45	48
Boots (*270)	260	23	30	37	5	12	14
	280	10	18	26	14	21	23
[illegible]							

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Ultramar (*367)	360	25	40	53	11	17	24
	390	13	27	38	33	35	40

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit. Aero (*502)	500	32	48	60	32	38	42
	550	16	28	40	67	72	77
BAA (*384)	360	45	52	65	6	12	14
	390	25	35	47	18	23	25
BAT Inds (*793)	750	73	100	120	14	19	24
	800	41	68	90	34	39	45
BTR (*407)	390	33	45	55	12	15	19
	420	16	30	38	28	31	35
Brit. Telecom (*296)	280	29	35	42	4	8½	9
	300	16	22	30	11½	16	17
Cadbury Sch	300	33	43	52	8	12	15
[illegible]							

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*175)	160	18	19	25	2½	8	7
	180	3½	9	13	14	14	18
Amstrad (*54)	50	6	10	14½	2	5½	9
	60	2	5½	9½	8	11	13
Barclays (*554)	500	19	35	45	22	27	33
	600	4	16	27	65	65	65
Blue Circle (*228)	220	16	20	28	3½	11	14
	240	–	10	18	–	24	25
British Gas (*219)	200	21	29	32	1½	3½	6
	220	6½	16	19	5	8½	12
Dixons (*130)	130	5½	12	15	4½	7½	10
	140	2	7	11	12	13	16
Glaxo (*708)	700	30	57	82	14	29	33
	725	16	45	–	27	40	–
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NSM continues reconstruction with £49m rights

By Clare Pearson

NSM, the mining and building materials group, has reached another milestone on the road to reconstruction with the announcement yesterday of a £49m underwritten rights issue.

A big portion of the proceeds are earmarked for building waste management in the US and UK as a third leg to NSM, a company which emerged two years ago from the long-troubled private coal mining group Burnett & Hallamshire.

The company is also keen to step up its opencast mining operations to take advantage of increased demand for low sulphur, low ash coals to be used in power generation.

NSM also forecasts pre-tax profits of not less than £26m, against £16.5m, and a dividend of 3.5p per share (3p), for the year to end-March.

The announcement of the rights issue, at 85p per share, sent the shares falling 8p to 96p. Fuelled by growing concerns about the building sector, they have suffered a steep decline since last October, when they stood at over 140p.

The rights issue is open to ordinary holders on a 2-for-7 basis and to preference holders in the ratio of 800-to-2,737. It will virtually eliminate net debt of NSM, which is currently more than 100 per cent geared.

The first use of the funds will be to buy Fitzwise, a Midlands opencast coal mining and waste disposal company, for £4.6m. But after that the US is likely to be more a focus of attention than the UK.

Kuwait Investment Office, with 14.83 per cent of the shares, has indicated it will be taking up its full rights entitlement.

Anglo United, which injected its coal mining interests into Burnett & Hallamshire two years ago, and holds slightly more than 20 per cent of the shares, has not yet made its intentions clear. Anglo last year acquired Coalite, the fuel distribution concern, in a highly leveraged deal.

In US waste management activities, NSM has obtained initial clearance to use for landfill a site in Pennsylvania it already owns, but will not know whether it can go ahead until, at the latest, December 1991. It has also acquired an option on a site in West Virginia.

In the UK, it has reached agreement with Derbyshire County Council to develop a joint landfill site; it says it is in the advanced stages of negotiations to acquire two liquid waste collection businesses and a site for a potential waste treatment plant.

On the mining side, it has also commenced negotiations to acquire a further site in the US where its order book is now strong with medium-term contracts, at escalating prices.

On the outlook for the forthcoming financial year, Mr Don Carr, chairman, said the pace of growth at Bison, the pre-stressed concrete flooring company which NSM bought for £82.5m in November 1988, was likely to slow along with demand for other building materials. But Bison had been strong in the current year.

Government to keep Mersey Docks stake

By Andrew Bolger

THE GOVERNMENT has abandoned plans to sell its 20.87 per cent stake in the Mersey Docks and Harbour Company while there is a Department of Trade and Industry inquiry going on into possible insider dealing in shares in the company, which owns much of Liverpool's dockland.

Mr Cecil Parkinson, Transport Secretary, told Parliament that it would not be appropriate for the Government to dispose of its shares in view of the inquiries.

The Government had earlier said it planned to sell its stake gradually so as not to upset the market.

Mr Parkinson added: "The Financial Secretary to the Treasury and I have therefore decided that in accordance with the Government's general policy of Government shareholdings the ordinary shares should be transferred into the ownership of the Treasury."

Mr Parkinson said that he also intended to relinquish the only right conferred by the special share owned by the Government, which is to appoint up to three directors.

The Government acquired its stake when it created the company in 1970 after the collapse of the Mersey Docks and Harbour Board. *The shares closed* up 3p at 144p.

Although pharmaceuticals and agrochemicals excelled, 'other effects' fared less well

ICI's 4% rise hides mixed individual results

By Peter Marsh

THE BREAKDOWN of profits for Imperial Chemical Industries' individual divisions last year makes it seem as though the company is inhabiting three different business worlds – the good, the bad, and the ugly.

Britain's biggest chemicals group, and the world's fourth largest, is more diversified than virtually any other chemicals business.

Sir Denys Henderson, ICI's chairman, yesterday defended the company's approach of spreading its sales of £13.17bn (£11.7bn) over so many commercial areas. The group's taxable profits were 4 per cent ahead at £1.53bn (£1.47bn).

He said the company was still in the development stage in a number of these businesses, such as advanced materials, information storage and biotechnology products. It was, he said, essential to put resources into new fields for ICI to grow.

In terms of short-term profits, however, these new businesses at the moment can be fairly labelled "ugly".

They are categorised by ICI in a commercial division whose name is itself far from elegant – "other effect products". This division also includes other, more mature businesses such as industrial films, polyurethanes, dyestuffs and fine chemicals.

Earnings performance recently in "other effects" has been decidedly poor. The pre-tax trading profit for this division showed a 54 per cent decline, from £150m in 1988 to £69m last year.

Sir Denys said that some of the problems were due to severe competition in the films part of the business. ICI had production problems in some of its films factories, he said, and had had to shut one such plant, in Holland, to reduce costs.

In marked contrast to "other effects" are the two large ICI divisions which sell pharmaceuticals and agrochemicals.

These divisions – the indisputably "good" part of ICI's portfolio from an earnings point of view – account for just 20 per cent of ICI's sales, but nearly 40 per cent of pre-tax profits.

Trading profit for pharmaceuticals grew 24 per cent, from £321m to £399m, while the figure for agrochemicals leapt from £120m to £152m, a rise of 26 per cent.

Sir Denys left few in doubt yesterday that ICI's pharmaceuticals division was the star in its portfolio. He said the strong performance reflected growth in sales of Tenormin, a well-established ICI heart drug, and Nolvadex, which has increased revenues quickly in recent years and is the world's biggest selling anti-cancer medication.

The remainder of ICI's product lines – in effect the third leg of the company's business – all registered virtually the same profit performance last year as in 1988. These areas include paints, industrial products and fertilisers.

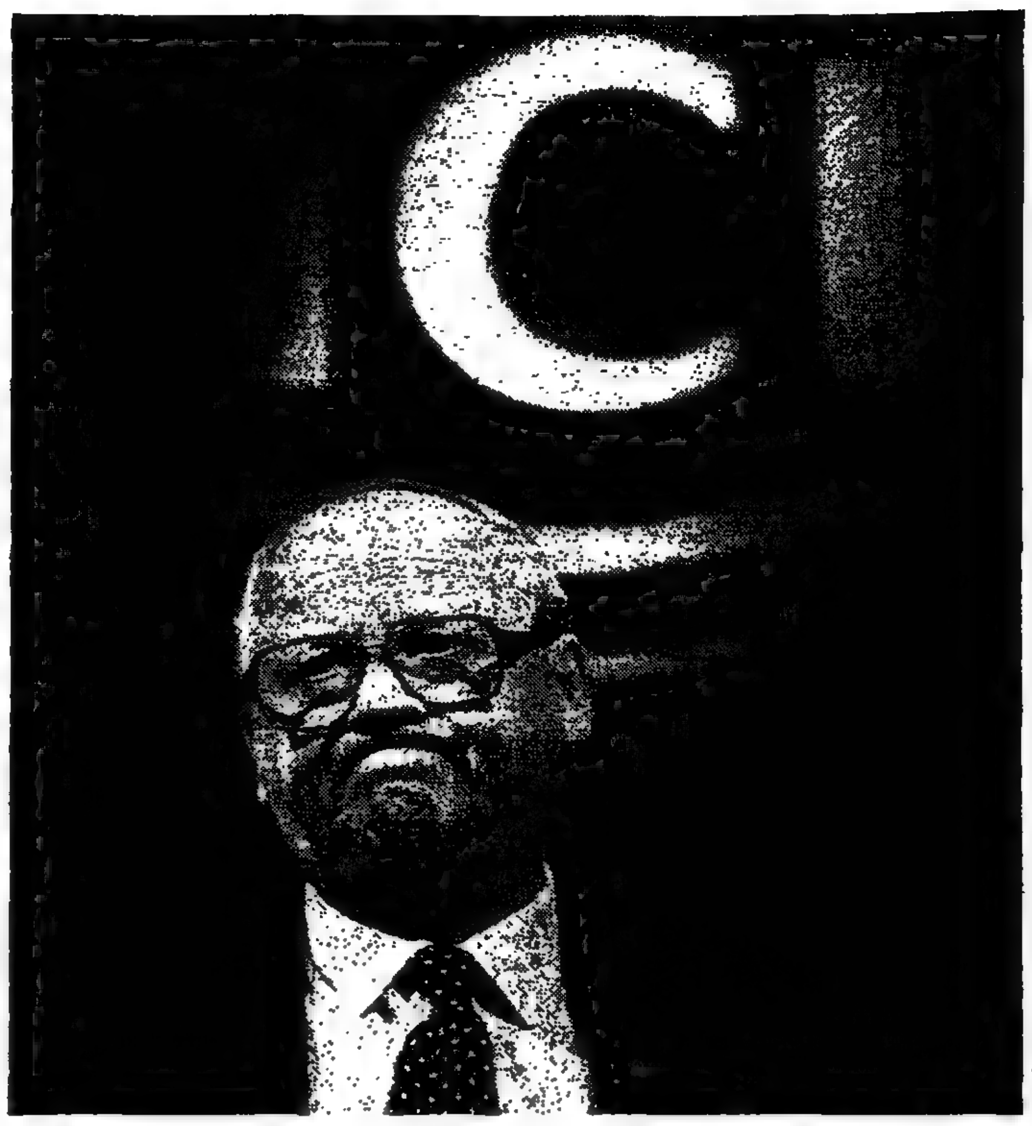
Bearing in mind the likely downturn in demand in the chemicals industry as a whole during 1990, these divisions will probably encounter problems during the year, which may show up in 1990 profits. They may therefore justify in the minds of many people the label "bad" – although Sir Denys would undoubtedly quarrel with this description.

He was at pains yesterday to defend, for instance, ICI's paints business, which had a trading profit of £100m in 1989, compared with £101m the year before.

Sir Denys said this was in "robust" shape, adding that "a lot of nonsense" had been talked about problems supposedly affecting Dulux, ICI's leading paint brand.

The other main ICI division which turned in roughly the same trading profit last year as in 1988 – £789m compared with £790m – was industrial products. This encompasses a large range of business areas, including petrochemicals, plastics, fibres and explosives, and accounts for almost half of the group's total sales.

Industrial products is at the high-volume, low-value end of the chemicals industry. It is the area analysts worry will be most affected by a general downturn in chemicals linked to a turn for the worse in general economic conditions across the world.



Tony Andrews

Sir Denys Henderson: the company is still in the development stage in a number of businesses

Sir Denys said that this section of ICI's business had been affected by a general slowdown in the last half of 1989. "On a comparative basis, therefore, the first half of 1990 will show somewhat lower profits," he said.

Sir Denys added that virtually all ICI's plants in industrial products were at present working at *full* capacity and making good profits, albeit at lower margins than last year.

The final ICI division is fertilisers, which showed a pre-tax loss in 1989 of £11m, the same loss as in 1988. Sir Denys said that fertilisers had been a problem area across Europe for several years and inferred that this would continue to be the case for some time.

Turning to the future, Sir Denys said that research and development spending in 1989 was £640m, a rise of 13 per cent on 1988. A large part of this was spent on medicines and agrochemicals research. "It is essential that we continue to take a long-term view [over development of new products]," said Sir Denys.

Sales breakdowns for the different divisions in 1989 are as follows: pharmaceuticals £1.33bn (1988: £1.17bn); paints £1.62bn (£1.36bn); other effects £2.35bn (£2.06bn); industrial products £5.72bn (£5.26bn); agrochemicals £1.84bn (£1.18bn); fertilisers £938m (£814m).

See Lex

Queens Moat edges closer to Norfolk

By Vanessa Houlder

QUEENS MOAT Houses yesterday moved a step nearer to gaining control of Norfolk Capital Group, a rival hotel group, when Balmoral International, which owns about 13 per cent of Norfolk, gave its conditional support to Queens Moat.

Its decision, which is only valid if no higher offer is made, means that Queens Moat can command 31 per cent of the shares. In addition to its own 9.9 per cent stake, Queens Moat won the support last week of Lady Joseph and Mr Tony Good, two non-executive directors, who own 7.9 per cent of Norfolk.

This may be the end of one chapter of the 10 week long wrangle for control of Norfolk Capital, which started when Balmoral International, an ambitious private group run by three hoteliers, tried to take over Norfolk's management.

The proposals split the Norfolk board, with Lady Joseph and Mr Good - who resigned last week - supporting Balmoral International. A month ago, Queens Moat intervened with a £175m all-share offer.

The bitter tone that has characterised the bid battle was apparent yesterday. Balmoral said that it found Norfolk Capital's arguments for continued independence under its existing management "wholly unconvincing".

"Balmoral respects Queens Moat's management philosophy and record of achievement" it added.

Norfolk Capital yesterday put out a statement pointing to the widening gap between the company's assets and the bid price. The 11 per cent fall in the price of shares in Queens Moat Houses since it made its offer valued Norfolk Capital at a 25 per cent discount to net asset value it said.

Norfolk Capital also put out a clarification of certain points made in a statement to shareholders, at the request of the Panel on Takeovers and Mergers.

Argos listing details out next month

By Andrew Bolger

BAT INDUSTRIES, the UK tobacco-based conglomerate, said yesterday that it would publish listing particulars for the demerger of Argos, its catalogue showroom retailer, on March 15.

Particulars for the demerger of Wiggins Teape Appleton, BAT's pulp and paper subsidiary, would follow in mid-May.

BAT is floating both companies in response to last year's £13.5bn bid for the group from Hoylake, the consortium headed by Sir James Goldsmith. The bid has lapsed pending regulatory approval in the US.

Argos is expected to be valued at £500m-£600m. Wiggins, which is likely to be capitalised at about £1.5bn, makes specialist products such as carbonless copy paper, thermal paper and business stationery, and has paper merchanting and pulp interests. The two parts – Wiggins Teape in Europe and Appleton in the US – are being merged prior to the float.

BAT said that good progress was also being made with its US retail disposals and the group expected the demergers and sales to be completed by the end of June.

Sale prospectuses for two of BAT's US retailing chains, Saks Fifth Avenue and Marshall Field's, have been sent to 50 potential buyers and a shortlist is currently being compiled.

BAT hopes to sell both chains for at least one times their sales. The 46 Saks shops had revenue of about $1.3bn last year and the 25-store Marshall Field's chain about $1.1bn.

Analysts have suggested that the disposals might be impeded by the current depressed state of the US retail sector. Campeau Corporation's Federated Department Stores and Allied Store divisions are in Chapter 11 bankruptcy. Federated took its Bloomingdale's chain off the market, apparently because it could not obtain the $1bn asking price.

BAT said yesterday there was no question of the group being prepared to accept "silly prices" for its US stores merely to achieve the June sell-off target and help to foil Hoylake.

The company said: "It is something of a buyer's market, but our target prices reflect that. We are not a forced seller, and the timetable is not being driven by Hoylake. The fact that Bloomingdale's has been withdrawn does at least mean there is one fewer stores chain 'on the block'."

The sale of BAT's half-share in Horton, a West German store chain, and Eurotec, a wholly-owned subsidiary which makes plastic components for cars, is also proceeding, but no announcement is expected soon.

● The Californian insurance commission hearings, which are looking at the suitability of Axa-Midi Assurances of France to own Farmers Group, BAT's US insurance subsidiary, concluded yesterday morning with Mr Bruce Bunner, a former Californian insurance commissioner, appearing as a Farmers witness, adds Nikki Tait.

Mr Bunner was testifying on the *potential gearing ratios* and net worth for the merged companies. Farmers contended that these would breach certain guidelines drawn up in the early 1980s in California by Mr Bunner and Mr Norris Clark, one of the two insurance department *officials who are* hearing the case.

Axa wants to buy Farmers for $4.5bn from Sir James Goldsmith's Hoylake consortium, if the latter's bid for BAT is successful. However, Hoylake cannot launch a new bid until reg*ulatory clearances for Axa's* ownership of Farmers have been obtained in nine separate states.

The key Californian decision is expected by April 9 at the latest.

Ferrari revealed as likely bidder for Pericom

FERRARI, the computer services group, has emerged as the possible bidder for Pericom, its USM quoted competitor.

Pericom announced earlier this week that it was in discussions with an unnamed group which could lead to an offer for the company. A brief statement issued yesterday said that discussions between the two groups were continuing but did not elaborate.

After hitting a 12-month low last month of 24p, Pericom shares have risen sharply recently in the run-up to the statement earlier this week. However, yesterday they closed down 1p at 41p.

The talks between the two companies comes in the wake of the collapse last November of merger talks between Ferrari and MBS, another computer services company.

Ferrari is backed by Singer & Friedlander, the merchant bank, and has built a reputation for rapid growth through acquisition.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Alumasc, Courtney Pope, Elders IXL, Minerals Oils & Res Shs Fund, SWP.
Finals- Greenwich Communications, LWT (Holdings), Lloyds Abbey Life, Lloyds Bank, Renown.

FUTURE DATES

Interims-	
BFM Dragon Trust	Mar. 15
Waterman Partnership	Mar. 6
Finals-	
Bilston & Battersea	Mar. 27
Colorgraphic	Mar. 19
Fairey	Mar. 7
INSTEM	Mar. 7
Metal Bulletin	Mar. 7
Pentos	Mar. 8
Perkins Foods	Mar. 12
Robinson (Thomas)	Mar. 6
Tilbury	Apr. 4
Ultramar	Mar. 7

Receiver appointed to 11 of Memory's Irish subsidiaries

The future of Memory Computers, the software and systems group, is in doubt following the placing of 11 of its Irish subsidiaries in the hands of the receiver, writes Kieran Cooke in Dublin.

Algemene Bank Nederland, in Dublin, has appointed a receiver after the failure to secure a £1.5m rescue package for the group, which is believed to have a secured loan of I£500,000 with ABN.

Memory quickly became a stock exchange high flyer after floating on the USM in 1982. In mid 1984 the shares had reached more than 350p; last December they were suspended, pending a restructuring, at 10p.

The troubles started in the mid 80's after audited results had to be restated, and a previously announced profit of £1.6m was cut back to £76,000.

It employs 70 people in Ireland and about 65 in the UK. The Irish side is involved in the development, design and distribution of software and computer systems. UK operations are mostly concerned with software sales.

Memory's main shareholders include Irish Life Assurance and Standard Life.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Assets	int	0.925	Apr 9	0.775	-	3.3
EFT Group	fin	0.7	Apr 9	0.5	1	0.7
Eng/O'seas Prop	fin	2.5	-	1.5	4.5	1.5
First Tokyo Ind	fin	nil	-	0.25	nil	0.25
Fleming Ent	int	1	-	0.75	-	2.85
Forwell Group §	fin	1.32‡	May 7	-	1.32	-
ICI	fin	34	Apr 30	32	55	50
Midland Group	fin	10.7‡	May 9	9.64*	18	16.42*
N American Gas	int	1.125	-	-	-	-
St David's Tst	int	4.4	-	4	-	12
Seacon ♦	fin	1.95	Apr 2	1.5	3.15	2.5
Sinclair Golds	int	1.5	*Apr 27*	1.5	-	5
Vantage Secs	fin	2.9	-	2.4	3.5	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Carries scrip alternative.

NEWS IN BRIEF

IVERNIA WEST has acquired a majority holding in Talc Technology for £140,000 in cash and shares. Ivernia will also clear any debts, estimated at £125,000. Talc owns a talc deposit at Corrig Hill, near Wesport, Co Mayo.

NORTH AMERICAN Gas Investment Trust, which came to the market last August, had a net asset value of 90.7p at January 31 1990. Net revenue *for the six months was £521,000* for earnings per share of 1.48p. Interim dividend 1.125p.

OCEAN GROUP has acquired, through its Ocean Environmental Management subsidiary, Compagnie Générale d'Enterprises Automobiles' 50 per cent share in the Cory Onyx joint venture, making it a wholly-owned subsidiary. Cory is a supplier of cleansing services to local authorities. Ocean Environmental has also bought Midlands-based General Contracting Company. Total consideration for the acquisi*tions is about £1.2m.*

RENTOKIL GROUP has purchased SR Millward, of Sidcup, Kent, a tropical plant rental business. Purchase price was less than 1 per cent of the net tangible assets of Rentokil.

WHITECROFT has acquired from the liquidator the business of HG Graham & Son for £320,000 in cash. The Leeds and Edinburgh-based company had a turnover in 1989 of £4m in narrow fabrics.

UK COMPANY NEWS

Racal and MAI buy £110m stake in satellite group

By Hugo Dixon

RACAL ELECTRONICS and MAI, the media and information services group, are taking minority stakes in Satellite Information Services, in a move that values the private satellite group at £110m.

The idea is that the new investors will help SIS expand beyond its niche in providing televised coverage of racing events to supplying other satellite services.

SIS was set up three years ago by leading bookmakers – Ladbroke Group, Brent Walker Group and Bass – the Tote and the Racecourse Association, to give live coverage of races in betting shops.

It has been so successful that it last year drove Extel, which provided a voice-only commentary of racing events, out of the market. SIS said yesterday that it was now operating profitably with a positive cash flow.

Racal is paying £22m for a 20 per cent stake in SIS. MAI is paying £7.9m for a 7.14 per cent stake. They will jointly be subscribing for 15,822 new shares and 43,510 existing shares at a price of £501.05 per share. After the transaction, the combined stake of the three bookmakers will fall from 65.9 per cent to 45 per cent.

SIS was last year awarded one of seven specialised satellite licences by the UK government. This allows it to transmit the voice, data and pictures to locations in the UK and western Europe. However, it is prevented from carrying interactive conversations, at least for the time being.

Racal is the leading supplier of telecommunications services in the UK via its Vodafone subsidiary.

It is also a major player in the data communications market and has a satellite operation similar to SIS in the US.

Its relationship with SIS is expected to lead to the provision of business communication services by satellite.

Similarly, MAI's relationship is intended to result in a growth of SIS's involvement in transmitting tv pictures for the media.

SIS's services have recently been used to send pictures of the revolution in Eastern Europe and of the release of Nelson Mandela in South Africa.

Record advances 17.6% to £4.72m

By Clare Pearson

RECORD HOLDINGS, the Sheffield-based power tool maker currently trying to take control of Easterbrook Allcard, yesterday announced pre-tax profits 17.6 per cent higher at £4.72m (£4m).

Mr Michael Mallet, chairman, warned, "we expect tough trading conditions in 1990 as high interest rates continue to bite ... although overseas sales are reasonably good."

Turnover was £37.74m (£33.42m). Earnings per share were 10.9p (9.6p).

A final dividend of 2.45p is proposed, making 3.45p (3p) for the year.

The pre-tax figure was struck after charging reorganisation costs of about £253,000.

The sale of Record Holdings' stake in Bardsey, a wholesaler and manufacturer of hand tools, at a profit of £298,000 helped gearing fall from 33 per cent to 19.7 per cent at the year-end.

Record is currently embroiled in a struggle with James Wilkes, the engineering and packaging group, for control of Easterbrook, a privately-owned cutting tools business.

Record Holdings announced an agreed £13.2m offer for Easterbrook early this month.

A High Court hearing crucial to the outcome of James Wilkes' earlier and contested attempt to take control of the company was adjourned for 14 days on February 13.

£877m provisions warp results, where UK banking rises to £420m

Midland falls into £261m loss

By David Lascelles, Banking Editor

MIDLAND GROUP yesterday announced a profit of £616m for 1989, down from £693m the year before. But heavy provisions totalling £877m left the banking group with an overall pre-tax loss of £261m.

The bank set aside £846m to cover doubtful developing country debts. This brought total provisions on this front to the equivalent of 50.2 per cent of Midland's exposure.

There were also provisions of £31m covering Midland's entire exposure to the local authority swaps problem.

A further factor depressing the result was a large interest rate mismatch which resulted from the bank's mistaken expectation a year ago that UK interest rates would fall.

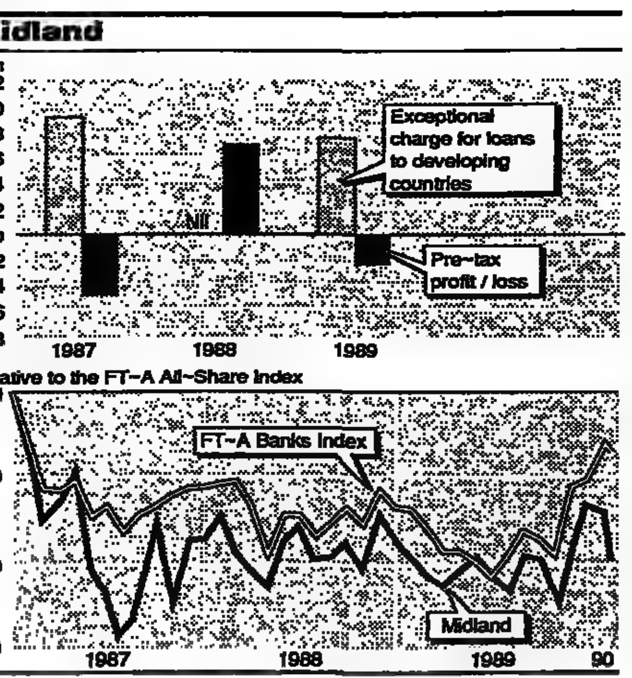
The income effect was more than £116m, though the bank declined to give a precise figure.

Sir Kit McMahon, chairman, said that, aside from these two large negative factors, he was satisfied with many aspects of the bank's performance.

He singled out a 15 per cent rise in income to £420m for the UK banking business, and the maintenance of lending margins despite intense competition and a weakening market.

The cost of launching the group's new interest-bearing accounts amounted to £28m, but these were going well, said Mr Michael Fuller, the chief executive for UK banking.

About 19 per cent of the bank's deposits were in these new accounts, and, of this, 15 per cent represented new business for Midland.



Firstdirect, the telephone banking service launched in October, had attracted 10,000 accounts by the year-end and was well on target to break even, Mr Fuller said. Research had shown that customers were highly satisfied with it.

Midland's mortgage book rose 6 per cent to £4.7bn, but the market was now slack. Higher rates also hit Forward Trust, the leasing subsidiary, where profits were down £15m to £45m.

Apart from its problems with the rate mismatch, Midland Montagu, the treasury and institutional banking division, made good progress in its merchant banking, its corporate banking, its international operations and its European subsidiaries.

Samuel Montagu, the merchant bank, earned £75m, up from £28m the year before.

Thomas Cook, the travel company, made £23m, up from £19m.

Midland's costs rose 14 per cent, which Sir Kit said was "more than we would have liked".

But he said that much of this represented heavy investment in restructuring the bank and its branch network, retraining staff and launching new products like Firstdirect, all of which would bring benefits in the future.

Nevertheless this had resulted in a worsening of the cost/income ratio which was "very disappointing", according to Sir Kit. The ratio was 72.4 per cent, up from 70.8 per cent.

The bad debt charge – other than the exceptional charge for developing countries – rose by 50 per cent to £307m.

This included a 53 per cent rise in UK banking provisions, reversing the declining trend of the previous three years.

The main cause was a deterioration in the corporate sector.

The group's total balance sheet increased to £62.5bn from £55.7bn. But the overall loss reduced the capital ratios.

Tier 1 capital fell to 5.4 per cent from 6.5 per cent, and total capital fell to 10 per cent from 11.8 per cent.

The second dividend of 10.7p takes the total for the year to 18p, an increase of 10 per cent.

Sir Kit said that he expected 1990 to be a tougher year, and, because of this, the bank did not plan to expand its balance sheet at the same rate as before.

See Lex

Partner's failure hits Seacon

By Joan Gray

THE FAILURE of a joint venture partner in a new shipping operation – Vasco Line – was the main factor in restricting Seacon Holdings, the Third Market-quoted transport group, to a 10 per cent profit increase for the year ended September 30 1989.

High fuel prices, bad weather at sea and the national dock strike in July and August also combined to affect the results, with the group reporting pre-tax profit up from £1.38m to £1.53m on turnover improved from £17.88m to £17.93m.

"But if you compare like with like we've actually seen a 45 per cent advance in operating profit," said Mr Ian Hay, deputy chairman.

The pre-tax profit was hit by the £682,000 (£56,000) exceptional debit resulting from the failure of Seacon's Portuguese partner in Vasco, he said. "This left us to hold the baby and carry all the starting up and closing down costs associated with the venture."

A final dividend of 1.95p is proposed making 3.15p (2.5p) for the year. Earnings came out at 17.46p (15.78p).

Seacon now has substantial cash balances resulting from the sale of Milford Docks – completed last week and therefore not appearing in the year-end figures – from which it made £6.16m, and a special interim dividend of 20p is to be paid for 1990.

NEWS DIGEST

Enlarged Forwell tops £1m

FORWELL GROUP, the office interior design group which came to the USM last July, reports a pre-tax profit of £1.07m for 1989, a near 19 per cent increase over the previous £905,000.

Turnover rose to £11.71m (£6.48m) and included £3.5m from Ferndale, acquired a year ago. Earnings slipped to 5.5p (5.8p); the dividend is 1.32p and carries a scrip alternative.

Mr Michael Wheller, the chairman, said the drop in earnings was largely attributable to interest charges. As a cash generative group the gearing will be improved as the year goes on.

He said the current year had begun well with John Michael Design joining the group and enhancing the range and quality of services.

English & Overseas rises 55% to £2.1m

An enormous leap in the share of profits from related companies helped English & Overseas Properties increase pre-tax profits by 55 per cent from £1.35m to £2.09m in the year to December 31.

E&OP, which develops and refurbishes retail, industrial and office properties, benefited by some £2.05m (£3,000) from the related companies: its own performance falling to losses of £158,000 (profits £1.23m) at the operating level.

Turnover was down at £3.7m (£10.21m), resulting in a drop in gross profit to £934,000 (£2.02m). Administrative expenses rose to £1.1m (£822,000). After tax of £729,000 (£484,000), earnings per share worked through at 23.4p (18.9p) basic and 22.5p (18.4p) fully diluted.

A final dividend of 2.5p (1.5p) has been proposed, for a total of 4.5p (1.5p) for the year.

Vantage Securities' assets up at 131.5p

Vantage Securities yesterday reported a 21 per cent improvement in net asset value per share from 108.7p to 131.5p at December 31 1989.

Gross income for 1989 came to £213,930 (£190,650). After expenses of £79,329 (£74,334), interest charges of £8,226 (£6,627) and tax of £18,883 (£18,079), earnings per 10p share came out at 3.55p (3.05p).

The directors are proposing a final dividend of 2.9p (2.4p) making 3.5p (3p) for the year.

St David's Trust midway increase

Net income at St David's Investment Trust improved from £193,000 to £242,000 in the half year ended January 31 1990, for earnings ahead from 4.69p to 5.9p.

The rate of the increase in income will not be sustained in the second half, the directors state. But they are confident of a satisfactory outcome and have lifted the interim dividend by 10 per cent to 4.4p.

At January 31 net asset value per income share was 102.18p (101.17p) and per capital share 166.88p (162.44p).

Newcomer from the AIB stable

A new investment company for UK investors to invest in the Irish equity market is being launched by AIB Capital Markets, part of the Allied Irish Banks group.

The First Ireland Investment Company intends to raise £30m through the placing of 30m shares at £1 each. The first registered holders will also receive one warrant for every five shares conferring the right to subscribe for one more share at £1 between 1991 and 1996.

The placing group comprises Nikko Securities, Kitcat & Aitken, Merrill Lynch International and Lloyds Merchant Bank. Applications are being made to list the shares in London and Dublin.

First Tokyo Ind nav up but suffers loss

Net asset value per 50p share of the First Tokyo Index Trust expanded from 167.5p to 182.8p over the 1989 year.

After tax of £45,000 (£119,000), there was an attributable loss for the period of £138,000 (earnings of £210,000). There was also an extraordinary charge of £1.15m (nil).

Loss per share amounted to 0.31p (earnings 0.49p) and the dividend for the year is being omitted (0.25p).

Net assets up 26% at Fleming Enterprise

Net assets per share of the Fleming Enterprise Investment Trust rose to 176.6p in the six months to end-December. This represents a 26 per cent increase on the 140p recorded at the corresponding date last time.

Total revenue for the period almost doubled from £650,000 to £1.26m. Tax took £314,000 (£163,000) after which earnings per share rose to 2.36p (1.22p). The interim dividend is raised to 1p (0.75p).

S Daniels acquires pick-n-mix supplier

S Daniels, the importer and distributor of food and beverage products, yesterday announced that it had conditionally agreed to acquire Kandyman, a supplier of pick-n-mix confectionery, for an initial consideration of £604,500.

In addition there will be a deferred profits-related consideration up to a maximum of £4.7m.

Kandyman, based in greater Manchester, does not manufacture its own products but has developed close trading relationships with a number of key suppliers.

In the ten months to end-December it generated pre-tax profits of £593,000 from sales of £3.5m.

Daniels said the acquisition would provide a natural outlet for its confectionery and would assist Kandyman to secure the on-going supply of sweets to its customers.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

An Anglovaal Group Company
Reg. No. 05/04469/06
Incorporated in the Republic of South Africa

Interim Report for the Half-Year ended 31 December 1989

FINANCIAL RESULTS

The unaudited consolidated results are as follows:

Consolidated income statement

	Half-Year Ended 31 December 1989 R000	1988 R000	Increase (Decrease) %	Year ended 30 June 1989 R000
Turnover	23 185	20 277	14	46 286
Income	15 804	16 256	(3)	36 778
Investment income	14 586	11 211	30	29 891
Interest received	1 218	3 770	(68)	5 241
Surplus on realisation of investments	—	1 275		1 646
Expenditure	8 968	8 245	9	16 026
Prospecting	7 840	7 525	4	13 002
Interest paid	—	3		1 929
Other (net)	1 128	717	57	1 095
Profit before taxation	6 836	8 011	(15)	20 752
Taxation	28	2 277	(99)	(2 654)
	6 808	5 734	19	23 406
Share of earnings of associated companies	8 442	4 189	102	7 601
Profit after taxation	15 250	9 923	54	31 007
Attributable to outside shareholders	69	61		117
	15 181	9 862		30 890
Preference dividends	3 642	51		102
Attributable to ordinary shareholders	11 539	9 811	18	30 788
	cents	cents		cents
Earnings per ordinary share	4,8	4,1	18	12,7
Dividend per ordinary share	2	2		6

Consolidated balance sheet

	31 December 1989 R000	1988 R000	30 June 1989 R000
Capital employed			
Ordinary shareholders' interest	151 856	134 154	145 439
Preference share capital	51 271	1 271	51 271
Outside shareholders' interest	499	428	485
Group shareholders' funds	203 626	135 853	197 195
Employment of capital			
Investments – associates	104 710	16 531	98 600
– other – listed	43 435	43 451	43 435
– other – unlisted	649	8 129	6 695
Mineral and surface rights	51	51	51
Loans for purchase of mineral rights and mine development costs	42 500	21 340	30 811
Long term loans	5 001	2 944	3 540
Deferred tax asset	2 745	–	2 745
Net current assets	4 535	45 407	10 418
Current assets	15 618	52 291	23 102
Current liabilities – non-interest bearing	11 083	6 884	12 684
	203 626	135 853	197 195
Market value of listed investments and listed associates	753 228	505 989	617 260
Carrying value of listed investments and listed associates	52 685	53 752	52 580
Borrowing powers in terms of the articles of association	293 000	9 000	293 000
Borrowings	—	—	—
Net worth per ordinary share	352 cents	242 cents	294 cents
Number of ordinary shares in issue	241 835 900	241 835 900	241 835 900

In this report comparatives have, where relevant, been adjusted to take into account the 25-for-1 subdivision of the Company's ordinary shares, which became effective on 4 September 1989.

Comment

Group earnings for the half-year increased by 18 per cent over the comparable period of the previous year, primarily due to the higher earnings and dividend receipts from base metal interests. These included a substantially higher dividend from The Associated Manganese Mines of South Africa Limited, an initial contribution from Lavino (Proprietary) *Limited ("Lavino") and a dividend of R2,07 million (1988:nil) from Prieska Copper Mines Limited* ("Prieska").

A further positive factor was the cessation, following the disposal of the Klipspruit Colliery on 30 June 1989, of losses incurred by Newcastle Coal Mines (Proprietary) Limited.

The investments made in Lavino and Anglo Pacific Resources PLC in the second half of last year resulted in a depletion of cash reserves and the subsequent raising of new capital through a preference share issue of R50 million. The full impact of the related finance cost will be felt during the second half of the financial year.

It is therefore anticipated, given current conditions in the gold and base metal markets, that the Group's earnings for the current year will not reach those of the previous financial year.

Investments

De Beers Consolidated Mines Limited ("De Beers") has announced its decision to proceed with the development of a diamond mine on the farm Venetia in the northern Transvaal. The mine will be developed pursuant to the provisions of an agreement with Saturn Mining, Prospecting & Development Company (Proprietary) Limited ("Saturn"), holder of the rights to precious stones on the farm Venetia, in which the Company and Anglovaal Limited have 65,6% and 21,9% interests, respectively.

After recoupment of the capital, which will be provided by De Beers, Saturn's and De Beers' after tax earnings from the mine will be equal. Pending recoupment of capital, Saturn is entitled to a minimum royalty of 12,5% of the mine's profits before appropriations in respect of capital expenditure.

Exploration

The drilling programmes for gold in the Sun and Oribi areas in the northern Orange Free State remain on-going. The drilling in the southern portion of the Sun area is designed to further define certain ore body boundaries and reef/grade continuity.

During the period under review, the Group's total share of the costs of exploration, the purchase of mineral rights and ancillary costs amounted to R19,5 million (1988:R11,9 million) of which R15,6 million (1988:R10,2 million) was in respect of the Sun and Oribi gold exploration programmes. It is expected that the Group's total share for the current half-year will amount to R24,1 million (1988:R15,2 million), of which R20,4 million (1988:R10,1 million) will be in respect of the Sun and Oribi programmes.

Dividends paid and declared during the half-year

Preference dividend No.1 amounting to R1,77 million was paid on 30 September 1989 in respect of the period 30 June 1989 to 30 September 1989 on the variable rate redeemable cumulative preference shares. A further amount of R1,82 million has been provided for the period 1 October 1989 to 31 December 1989.

Preference dividend No.35 amounting to R51 000 (1988:R51 000) was paid on 31 December 1989 in respect of the half-year on the 8% redeemable cumulative preference shares.

Final ordinary dividend No.74 of 4 cents per share totalling R9,67 million for the year ended 30 June 1989 (1988:4 cents – R9,67 million) was declared on 5 June 1989 and paid on 4 August 1989.

Interim ordinary dividend No.75 of 2 cents per share totalling R4,84 million (1988:2 cents – R4,84 million) was declared on 7 December 1989 and paid on 9 February 1990.

For and on behalf of the board
Clive S. Menell Chairman
B E Hersov
Directors

Registered Office
Anglovaal House
56 Main Street
Johannesburg, 2001

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

22 February 1990

Directors: Clive S. Menell (Chairman), D.D. Barber,* B.L. Bernstein Hon.LL.D, D.J. Crowe,* B.E. Hersov DMS Hon.LL.D, V.G. Mansell, R.T. Swemmer, J.E. van Niekerk
Alternate: B. Menell

*British

UK COMPANY NEWS

The creation of a new power base

Nick Garnett on EGT, the end of restructuring for GEC Alsthom

THE LAST piece in the organisational restructuring of GEC Alsthom was slotted into place yesterday with the formation of the European Gas Turbine Co (EGT). General Electric of the US has a 10 per cent stake.

Since Alsthom of France merged with the former power systems division of GEC at the end of 1988 to create a business with 80,000 employees and sales of £4.6bn, a new organisational structure has emerged.

This has been completed with the setting up of EGT which combines GEC's former activities in small gas turbines with those of Alsthom, specialising in large machines up to 212 Megawatts. It also includes Kanis Energy, the former AEG gas turbine business in West Germany which GEC Alsthom recently purchased.

The GEC Alsthom structure now involves seven divisions and two main affiliated companies all under a management board based in Paris.

The seven GEC Alsthom divisions include five separate ones for electricity equipment. These are power plant (for power station project management); electro-mechanical equipment, like steam turbines and generators; boilers, which are wrapped up in two GEC Alsthom businesses – Stein of France and EVT of West Germany; power transmission and distribution; and electrical equipment such as transformers. There are also separate divisions for transport (mainly rail locomotives) and robotics with materials handling.

Mr Paul Combeau, one of the managing directors on the group's management board, said GEC Alsthom had now virtually completed the rationalisation of its research and development effort which had not involved any site closures or redundancies.

He warned however that the group's next main objective was plant rationalisation. This would be a slow process, probably starting in earnest next year and would centre largely on the group's turbine and generator activities.

These operations, which employ about 12,000, are split equally between France and the UK (for which the main sites are Rugby, Stafford and Trafford, near Manchester). They have excess capacity because of the present halt on new orders for larger power stations in the UK and the slowdown in the French nuclear station programme.

At the announcement of the formation of EGT, Mr Kelvin Bray, the gas turbine company's chairman and chief executive, said the new combined gas turbine business would be big enough to take on its competitors and had the broadest range of machines starting at 2 Mw.

It employs 3,800 and had sales of £300m last year. Mr Bray expects this to rise to £500m within two years. Manufacturing and employment is split almost equally between the UK and France but Mr Bray said the trend would be towards larger machines which are now French-made.

In terms of order intake last year, EGT is about the same size as its two main European competitors in gas turbines, Siemens of West Germany and Asea Brown Boveri, the Swiss-Swedish group. But it is much smaller than GE, the world leader.

EGT, which includes the GEC Ruston business in Lincoln, took orders for between 2,000 and 3,000 Mw of gas turbines last year, a similar figure to Siemens and ABB. This compares with GE which took one-third of the 26,000 Mw of gas turbines ordered worldwide in 1989.

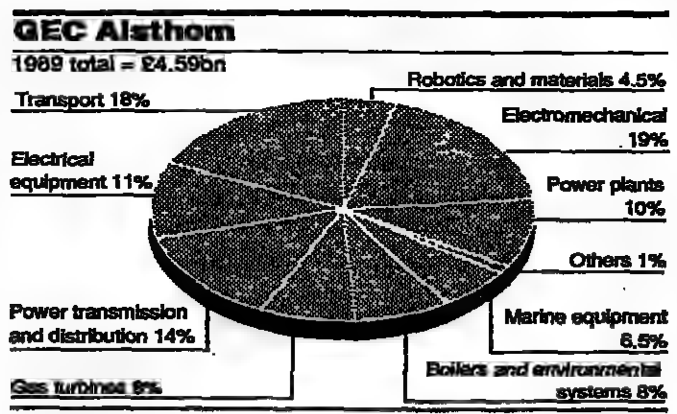
Apart from power generation, heat supply and the oil and gas industries, Mr Bray said EGT was interested in supplying gas turbine engines up to 6,000 horse power for military and small civil aircraft. It was also interested in joint ventures, involving equity, with electricity supply agencies.

It is building a manufacturing plant in Essen to give it a gas turbine production centre in West Germany which, Mr Bray said, would help it in the East European market.

EGT uses a lot of GE technology for its gas turbines and a joint technology office with GE has been set up in Leicester. Mr Jack Urquhart, senior vice-president at GE, said that taking a 10 per cent share of EGT would not affect GE's relations with the four associate companies in Europe which also use GE gas turbine technology. These include John Brown of the UK.

GE would continue to compete with EGT outside Europe and was determined to remain the world's leading gas turbine supplier, Mr Urquhart added.

GE, which produces a range of power generation equipment, does not manufacture boilers. Mr Urquhart said this position was being monitored but, for the moment, GE was happy to use outside boiler suppliers.



BT to undertake performance study

By Hugo Dixon

BRITISH TELECOM has launched a study to determine whether it ought to re-structure itself in order to improve its performance and service its customers better.

Over the past year BT has undertaken a series of steps to sharpen its focus on what it sees as its fundamental strength and to become more customer orientated.

The new study is intended to examine whether organisational changes are needed to support these changes in policy.

Just before Christmas, BT appointed a project team led by Mr John McMonigall, a managing director of its communication systems division (CSD), to lead the study. It is expected to be ready in a few months' time.

The study is likely to address the question of whether BT's current organisation of three divisions – BT UK, BT International and CSD – should remain or be replaced by a new structure.

Sinclair Goldsmith rises to £956,000

An improved pre-tax profit of £956,000 was made in the half-year ended November 30 1989 by Sinclair Goldsmith, compared with £939,000.

Mr Edward Langton, chairman of this estate agent, surveyor and rating consultant group, said the period was one of consolidation, bearing in mind the tougher market conditions. With high interest rates transactions were taking longer to initiate and finalise, and that was affecting margins.

However, the chairman said that costs had been kept under control while not affecting the fabric of the business. The group continued to trade well and all divisions were as busy as ever.

Turnover came to £3.26m (£3.17m). With earnings held at 5.54p the interim dividend is unchanged at 1.5p.

EFT held back after losses on disposals

LOSSES ON investment disposals held back the progress of EFT Group, the finance undertaking, in 1989.

Revenue advanced 72.5 per cent to £5.72m (£3.32m) but the increase in pre-tax profit was restricted to 7 per cent, from £1.22m to £1.31m. There was a £52,000 deficit (£321,000 profit) on investment disposals.

The issuing house achieved further progress, advising on transactions with a total capital value of £105m, and lifted its profit to £663,000 (£617,000).

In asset finance, net outstanding finance contract receivables rose 46 per cent to £28m, and a further £14.4m was advanced through managed portfolio arrangements.

The investment management company increased its revenue despite a modest fall in funds under management to £106m, reflecting the loss of £17m funds managed for City of Edinburgh Life Assurance.

EFT sold its 47 per cent interest in Edinburgh at a loss of £633,000, after taking no account of a retention of £258,000 from sales proceeds pending the outcome of litigation. That is part of a £558,000 realised loss on investment portfolio holding, and is offset somewhat by extraordinary gains of £416,000.

Earnings fell to 3p (3.25p) but the dividend is raised to 1p (0.7p) in view of the underlying growth in operating profits. A final of 0.7p is proposed.

FT LAW REPORTS

Insurers cannot sue German company in the UK

NEW HAMPSHIRE INSURANCE CO v STRABAG BAU AG
Queen's Bench Division (Commercial Court):
Mr Justice Potter:
February 9 1990

INSURERS cannot sue in the UK to avoid a policy if the defendant insured is domiciled in a country which is party to the 1968 Jurisdiction Convention and has no established UK place of business, having negotiated the contract through brokers; and a UK choice of law term impliedly agreed under a pre-Convention policy, *does not preserve the English* court's jurisdiction in the absence of express words.

Mr Justice Potter so held when granting an application by the defendant, Strabag Bau AG, to strike out proceedings served on it out of the jurisdiction by the plaintiff, New Hampshire Insurance Co.

HIS LORDSHIP said that in 1981 Strabag contracted to construct Basrah airport. It entered into an insurance policy with New Hampshire, extended up to October 31 1989.

Since 1981 New Hampshire had paid a variety of claims on the policy. In 1989, following 13 further claims and after investigation, it declined to accept liability. It purported to avoid the policy on grounds set out in a letter of avoidance dated September 8 1989.

By the letter of avoidance New Hampshire sought to refer the liability dispute to arbitration. It took the precaution of issuing a writ for service on Strabag out of the jurisdiction.

Strabag acknowledged service. On October 12 1989 it issued a summons seeking an order to set aside the writ and service, and a declaration that the court had no jurisdiction. It initiated proceedings against New Hampshire in Germany, claiming under the policy.

By a second summons New Hampshire sought a declaration that the differences between the parties had been validly referred to arbitration. By a third summons co-insurers started parallel proceedings seeking relief in similar terms.

The three summonses were now before the court.

The first issue was whether *the dispute had been validly* referred to arbitration.

Clause 9 of the policy provided that if any difference should arise "as to the amount to be paid under this policy (liability being otherwise admitted)" it was to be referred to arbitration.

Mr May for Strabag submitted that those words restricted the arbitration clause to disputes about quantum once insurers had admitted liability. Far from admitting liability, he said, the insurers had purported to avoid the policy.

That was correct. The dispute did not fall within the clause. New Hampshire and the co-insurers were not entitled to the relief sought on their summonses.

The second issue was whether service of the writ should be set aside and the proceedings struck out.

Strabag contended that the action had been improperly brought, contrary to the Civil Jurisdiction and Judgments Act 1982 and the 1968 Jurisdiction and Judgments Convention. By section 2 of the Act the Convention had the force of law in the UK.

By article 2 of the Convention a defendant generally was not to be sued outside his place of domicile.

Section 3 of the Convention set up a self-contained regime for "matters relating to insurance" as a limited exception to the general rule.

Article 7 in section 3 provided that "in matters relating to insurance" jurisdiction was to be determined by section 3, "without prejudice to the provisions of articles 4 and 5(5)".

Article 11 in section 3 provided that "an insurer" might bring proceedings only in the contracting state "in which the defendant is domiciled".

Strabag submitted, rightly, that on the face of those provisions, as an insured sued by an insurer and as a defendant domiciled in West Germany, it might only be sued in West Germany. It said the English court had no jurisdiction.

Mr Pickering for New Hampshire relied on the transitional provisions of article 35 of the 1978 Accession Convention (Schedule 3 to the 1982 Act).

Article 35 provided that if, before the Convention came into force, the parties agreed in writing that the contract was to be governed by UK law, UK courts should retain the right to exercise jurisdiction.

He could not point to any express choice-of-law clause in the policy, but submitted that English law was the proper law as a matter of implied choice. He relied on features of the policy including references to English legal concepts, institutions and legislation.

The Convention's concern with certainty, the apparently clear terms of article 35 and the undesirability of converting a clear-cut rule of thumb into a complicated exercise of judicial interpretation with scope for differing conclusions in different jurisdictions, all militated against the validity of Mr Pickering's argument.

An express choice of law clause was needed to invoke the provisions f article 35.

Mr Pickering sought to avoid the apparently mandatory effect of article 11 by submitting that the contract was not a "matter relating to insurance" within article 7.

He said "matters relating to insurance" did not apply to contracts where the insurers and insured were of equal bargaining strength. He said the purpose of section 3 (insurance) was, like section 4 (consumer contracts), to protect persons socially or economically in a weaker position than their opposite contracting party.

He relied on *Ott [1978] ECR 1431* where the European Court applied a purposive construction to articles 13 and 14 which were inspired by a desire to protect buyers in need of protection from stronger sellers.

Mr Pickering urged that similar objectives governed articles 7 and 11.

His arguments were not accepted.

The *Ott* decision was reached in anticipation of proposed changes subsequently made to section 4 of the Convention, which was altered to recognise and protect consumers. While adjustments were made in respect of particular types of insurance, none was made on grounds of "consumer protection" to narrow the ambit of section 3.

It would be wrong to engage in an act of purposive construction wider than any yet reported on the part of the European Court.

Accordingly, the parties in the present case were concerned with "matters relating to insurance" within section 3. Mr Pickering submitted that the case fell within article 5(5) of the Convention, which provided that a person domiciled in a contracting state might be sued in another contracting *state "as regards a dispute aris*ing out of the operations of a branch, agency or another establishment."

Article 5 did not deal only with insurance matters but was of general application. Article 7 in section 3 was "without prejudice to the provisions of article 5(5)."

It was plain in that context that the "branch, agency or other establishment" must be that of the proposed defendant.

In negotiating the policy Strabag acted through insurance brokers who dealt with the leading underwriters in England.

The brokers acted in the ordinary course of their own business, which was not connected with or subject to Strabag's control.

It was clear from European Court decisions that whereas the brokers acted as Strabag's agents, that was not enough to satisfy article 5(5).

In article 5(5) "agency" had been interpreted by the European Court as *ejusdem generis* with "branch" and "establishment", to connote an organ or business presence which was an extension or emanation of the defendant's business, and was subject to its general control.

Thus, article 5(5) dealt with the Convention equivalent of the English concept of a defen*dant with a corporate presence* within the jurisdiction by virtue of having an "established place of business" in the UK.

The argument based on article 5 must fail.

Accordingly, under articles 2 and 11 of the Convention, New Hampshire could sue Strabag only in West Germany. The writ was set aside and the proceedings struck out.

For New Hampshire: Murray Pickering QC and Alexander Layton (Kennedys).
For Strabag: Anthony May QC and William Wood (Cameron Markby Hewitt).

Rachel Davies
Barrister

CONTRACTS

Abbey National branches to use Olivetti systems

Abbey National has signed a £20m contract with **OLIVETTI SYSTEMS & NETWORKS** for a further 4,000 workstations and printers in the final phase of its branch technology programme The systems will allow Abbey National to run any application on any workstation. Applications include connections to Unisys and IBM hosts, and to external IBM systems and Viewdata services.

* * *

ROTARY SOUTHERN, Ruislip, has secured mechanical and electrical contracts worth £12m. *These include stores for* Marks & Spencer at Thurrock and Welwyn; Debenhams new store in Belfast; a leisure development for Whitbread at Dalmahoy Golf Club; and a new science park at Newcastle upon Tyne.

* * *

British Telecom has ordered 12 computers from **INTERNATIONAL COMPUTERS**. They are of the new DRS 6000 Series, and the order is worth £2m. The equipment will support BT's itemised billing programme. ICL is a subsidiary of STC.

* * *

Orders worth over £2m have been won by **SECURITAG (UK)**, Hemel Hempstead, for Checkpoint, its electronic article surveillance system. Initial orders are from DIY superstores, and shoe and toy outlets. The system uses self-adhesive disposable security labels, which are deactivated at point-of-sale, together with a bar code for pricing and stock control.

MARSTON PALMER, Wolverhampton, an IMI company, has won orders worth a potential £32m from aircraft manufacturers in Europe and North America. The company will provide heat transfer equipment and flash-butt welded engine rings for the new European fighter aircraft. An initial £1.5m order has been received which is expected to rise to at least £12m. Potential orders from the US totalling about £20m have been placed by Boeing, McDonnell Douglas, Pratt & Whitney (Canada), and Sundstrand, for heat transfer equipment and other aerospace components.

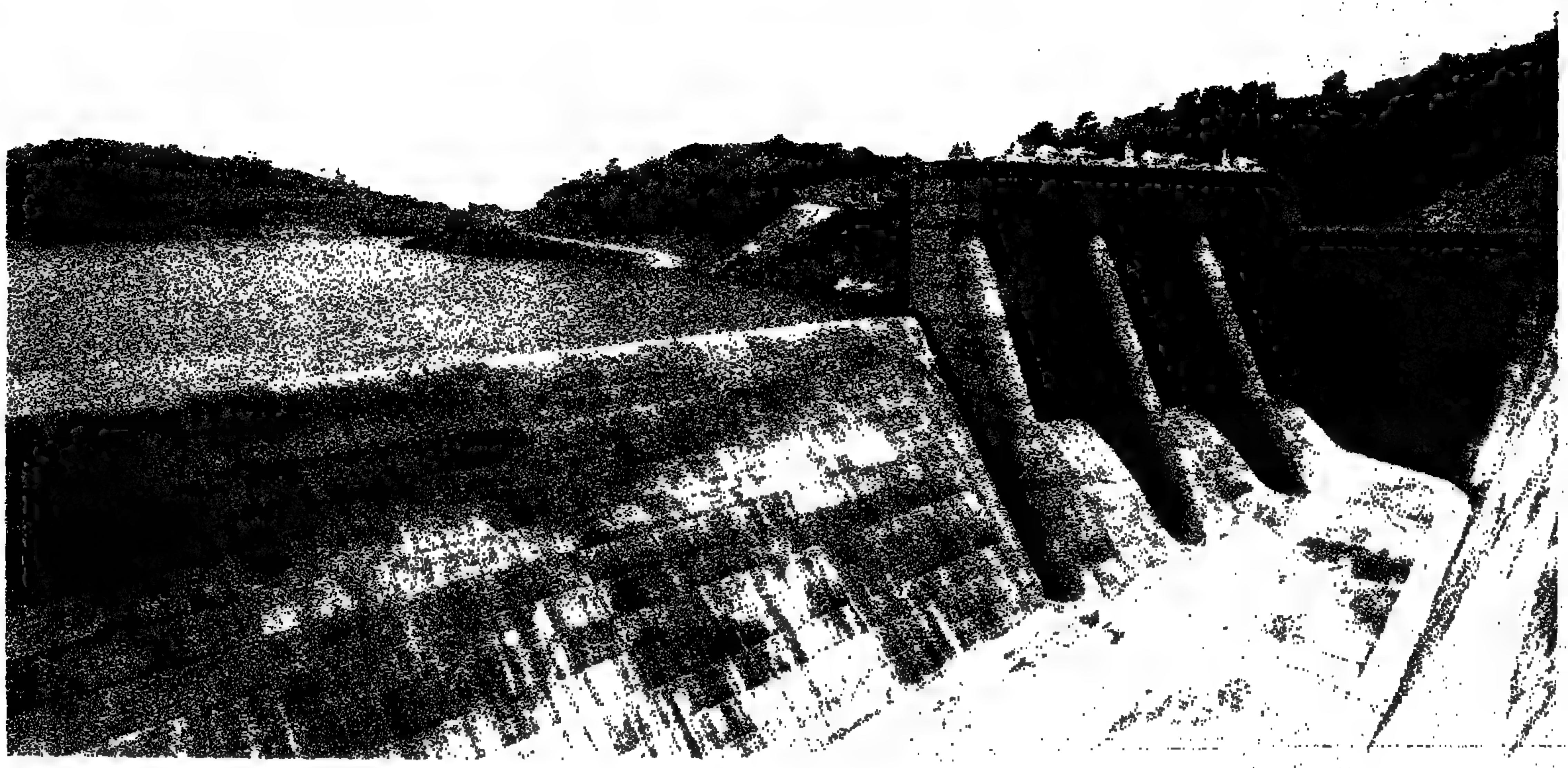
* * *

DARCHEM, engineering division of William Baird, has won orders worth over £10m. These include insulation work at Ratcliffe power station; Whitbread Breweries tanks; and nuclear submarines for Vickers; fireproofing at Canary Wharf and Earls Court, and at BP Wytch Farm; refractory linings for M.W. Kellog in Antwerp, and for Alcoa in Port Henry in Australia.

Stretching Airbus

WESTLAND DESIGN SERVICES, part of Westland Helicopters, has won a contract worth about £2m from the Airbus division of British Aerospace Commercial Aircraft to design the A321 aft fuselage extension. The A321 is a stretched version of the A320 - fuselage length will be increased by insertion of additional sections forward and aft of the wing.

PT Cement Cibinong Building Indonesia



PT CEMENT CIBINONG, established in 1971, is a leading cement producer in Indonesia and became the first company to go public at the inauguration of the Indonesian Stock Exchange in August 1977.

In 1989 we invested over US$25 million on plant optimisation programs, including coal conversion, to save some 40% on energy costs. We are currently undertaking a major expansion program which will increase production capacity from 1.5 to 3 million tonnes per year by 1992. Our strategy into the 1990's is to better serve the rapidly expanding building and construction activities of Indonesia, especially the fastest-growing markets of Jakarta and West Java.

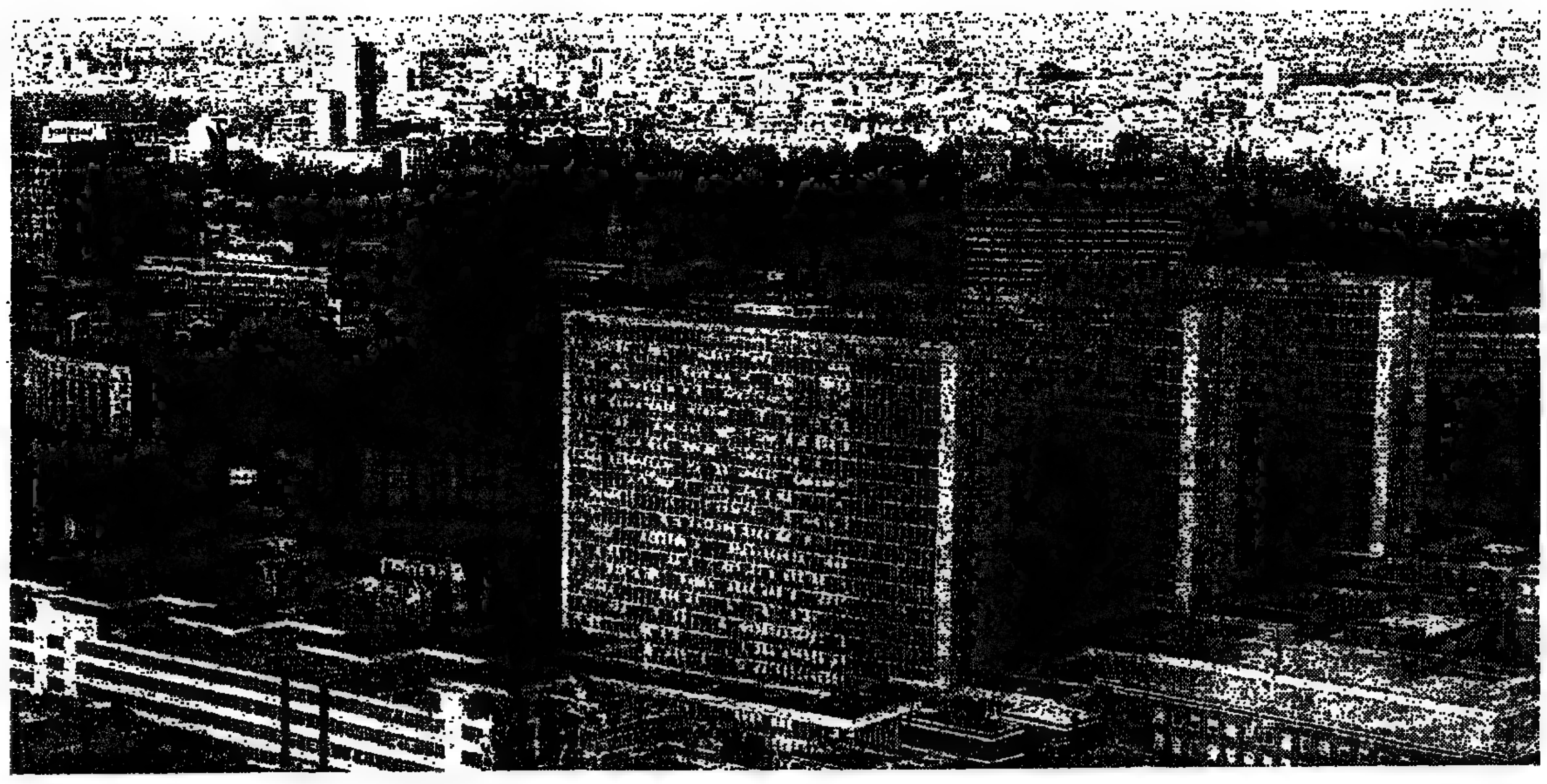
CEMENT KUJANG INDONESIA **PT CEMENT CIBINONG**

For a copy of our latest Annual Report please contact:
The Finance Director PT Cement Cibinong PO Box 197/Jkt Jakarta 10002, Indonesia
Telex: 48116 CIBSEM IA Fax: (6221) 8198362/8193321 Phone: (6221) 8190808

FINANCIAL TIMES
SURVEY

Offices in the West End have constituted one of the most active sectors of the property market in the 1980s. But, says **John Brennan,** there are signs that the surge in development activity is falling off, as occupiers look elsewhere for cheaper accommodation.

West End and Victoria Property



The view towards the West End from the Millbank Tower: because of escalating costs, the prospect in the east may prove more tempting to some financial groups

Waiting for the bubble to burst

OCCUPATION costs are a potential time bomb under the West End and Victoria office markets. In little more than four years rents on letting of new space have effectively doubled.

It would be absurd to compare the mid-£60s a square foot being achieved for scarce small area modern offices in Mayfair and St James's with the cost of space in one the many run-of-the-mill, 1960s slab-blocks. But as rent reviews force existing occupiers throughout the area to take note of the developers' letting success, the impact of occupation costs must force at least a review of alternative locations.

There are three coincidental events to add impetus to such reviews. The first compounds the occupation cost problem. The arrival this year of the new rating valuation list and the introduction of the Uniform Business Rate (UBR) combine to double the average commercial occupiers' rate bill in the West End. The revaluation, based on an April 1988 rent equivalent, would not reflect the continued progressive rise in achieved rents in the area in the past 18 months. But that is a small mercy against the effect of a change that measures the degree to which West End commercial rents have outpaced those in much of the rest of the country since the last rates roll was drawn up 17 years ago. At the same time, the UBR eliminates the benefits of being in boroughs with what have been, by national standards, comparatively low rates in the pound.

According to Knight Frank & Rutley's research, two years ago office users' rents in the West End accounted for an average of between 4 and 8 per cent, or 8 to 12 per cent of operating costs, depending on the companies' position in its rent review cycle. Subsequent rent reviews will have moved the median nearer to the, "significant minority (13 per cent) for whom rents are over 20 per cent of operating costs". Add the pressure of doubled rate charges (which must figure in cost forecasts and influence location discussions despite the five year transitional relief) and occupiers cannot help but take a long, cool look at their property overheads in what is now the second most expensive office location in the world after central Tokyo.

Greater sensitivity to occupation costs is emphasised by the second coincidental factor – the degree to which the 1990s have started on a cautionary downbeat in the UK economy.

If the 1980s were the growth years, what of the 1990s? The answer is of less importance than the question, particularly for the feast and famine businesses which are drawn to the West End with a homing instinct akin to financial groups' natural affinity for the City.

That ubiquitous industry grouping "business services", have rivalled Government offices in the take-up of office space since the start of the 1980s. Jones Lang Wootton Consulting and Research calculate that 17 per cent of all new space take-up has been by this array of advertising and public relations, media services and, indeed, property consulting and research organisations, since 1981. That's no rival by volume of space to the one third of all new offices absorbed by the civil servants, but image conscious business service companies have been well represented among the takers of the best new buildings on offer. Their only near equivalent in terms of space takers have been the banking and finance groups, which have accounted for 15 per cent of the new accommodation by volume and a substantially higher proportion of the large area buildings that have become available.

Image has value for most of the components of the business services sector. With only a track record to woo the clients, prestige can justify the price of a good address and an impressive building. But this falls among the optional overheads in periods of uncertainty and general cost-consciousness, especially for secondary suppliers and sub-contractors to the direct client-contact businesses.

Which leads to the third coincidental that makes the other two relevant; the end of the London-wide space famine.

The fact that there is no sign of an end of the shortage of quality office premises in the West End only serves to increase the appeal of alternative locations. JLW's figures show that 1.8 million square feet of new offices should be completed in the West End and Victoria areas this year. That is the largest total since 1981, but at least half of that space is already spoken for. Because of the shortage of sites and the preponderance of refurbishment schemes, even if it proved possible to complete all the planned and proposed West End developments that would add less than four million square feet – around six per cent – to the total stock of offices in a market that started the year with a completed office vacancy rate of under 2 per cent. By international standards, therefore, the West End could fairly be said to be full.

The City, on the other hand, is coming towards the end of its post-Big Bang phase of developments. A record 9.8m sq ft of offices should reach completion this year with another 5.9m available in 1991. Down river in Docklands more than 8m additional square feet of new offices will be ready by the end of 1991 with an extra 5m on the way before 1995.

Because of the imminent end of the City's space squeeze, with, according to Debenham Tewson & Chinnocks, a January stock of ready-to-occupy offices of 3.6m sq ft, it is only a matter of time before there are direct relocations and office consolidation moves from west to east. A number of the financial groups that moved west after being "gazumped" on their first-option City locations, are considering the timing on their first rent reviews in the West End and the completion dates for City and City fringe schemes, as part of exercises to review the logistics of a move east.

The financial occupiers are not alone in keeping track of the shifting balance of costs between the East and West of the capital. The queue of takers for small area offices throughout the West End has not visibly diminished. On DT & C's figures more than half of the 305,000 square feet of office letting in the West End in January were for units of under 6,000 square feet.

Yet the past year has seen a steady exodus of media, design and smaller professional firms priced out of West Central offices and heading towards the City's northern fringes and into Docklands.

The strong West End bias of the property industry itself, as one of the larger components of that "business services" sector, may help to explain the shortage of positive comment on Docklands' commercial space.

The space becoming available over the next two to three years *is dismissed as being too* distant, and in too alien an environment to attract transfers from the City, let alone from the West End. Yet this emergent choice of equivalent or better accommodation for around half the costs of the West End has the extra appeal of immediate availability.

Docklands' offices are coming on to the lettings market several years before the near 6m sq ft of offices that will turn King's Cross and, to a lesser extent, Paddington into serious rivals to offices from Holborn to Victoria. And, as transport congestion in the West gets worse, infrastructure investment in the East is slowly dragging a Victorian industrial surface transport network into the 1990s.

Viewed from Berkeley Square or St James's, the West End property market is on the crest of a wave of successful development and letting activity. The picture looks different when viewed in the context of less parochial decisions about where to locate a potential European business centre. On that basis, the West End appears as a fashionable, but fragmented mixed property area of London with traffic congestion and an acute lack of choice of properties. It also weighs in with occupation costs a good 30 per cent above equivalent space in Paris (even before allowing for the potential softening effect on rents of this year's completion of a whole series of major schemes in the French capital's peripheral office cities).

It also now appears marginally more expensive than City offices, as much as 50 per cent up on the costs of new Docklands' offices, and more than four times the cost of accommodation in Frankfurt and Brussels or, for the more venturesome (or prescient), Berlin.

In this survey

WEST END and VICTORIA PROPERTY 2

Foreign money is pouring into the UK market, says **John Worrall**

International attraction

AS BRITISH property investors, distracted by high interest rates and doubts about rental growth, back off from the UK property market, foreign money is pouring in.

A recent report by chartered surveyor, Richard Ellis, showed that in the third quarter of 1989, foreign investors accounted for more than £440m, or about 40 per cent, of the total money put into central London property. Of that foreign money, a quarter was Scandinavian and a third Japanese.

The UK property market has several attractions for foreign investors, including a language which most understand and a capital city which is one of the big three financial centres of the world. It also has a sophisticated structure with investor-friendly leases which tie in tenants for much longer than elsewhere.

The present wave of activity started in 1986 when the prospect of Big Bang in the City re-focused world attention on London. Its continuation, at a time when the UK economy is slowing, is further evidence of the increasing globalisation of property investment and of London's rating on the shopping list of any property investor seeking to establish an international portfolio.

The City, rather than the West End, got the early attention, notably from the Japanese whose structured approach dictated that the financial heart was the first place to invest. It also has bigger buildings which they prefer; any deal over £50m last year was likely to involve a Japanese buyer.

Contractors-turned-developers such as Kumagai Gumi were first in, followed by the institutions, though the Japanese have still not made a major impression on the West End where units are smaller – a majority of tenants occupy between 5,000 and 15,000 square feet – and where freehold landmark buildings are therefore relatively few and far between.

On the other hand, the West End vacancy rate at less than 2 per cent now has its attractions at a time when 5 per cent of City office space is empty and much more is in the pipeline, a point not lost on the Swedes.

Swedish developer/traders led the Scandinavian charge when restrictions on foreign investment by their particular sector were lifted in 1987, though they have recently moved on to continental Europe because of doubts about the UK economy and continued rental growth in the short term, and the effects of UK interest rates on their borrowings.

Restrictions on the Swedish institutional sector, however, were not lifted until early 1989 and they have since been rapidly making ground and dealing in substantial lot sizes. Buyers have included insurance company, Trygghansa, which purchased a building in Shaftesbury Avenue for more than £40m in the autumn, while Skandia Life Insurance bought properties in Oxford Street and Regent Street for a total of £25.5m.

The Swedes have also shown a willingness to be creative in their British property involvement.

Early last year, Svenska International, a subsidiary of Svenska Handelsbanken, took a 20 per cent stake in chartered surveyor, Stewart Newiss.

In another deal, set up by the financial services arm of surveyor Hillier Parker, Swedish property group Arcona launched its European campaign through a joint venture company with £60m of mostly Swedish working capital and two British directors already active in the European development and investment arena. Its first move into the British market was the £32m acquisition of 14/15 Stanhope Gate SW1 late last year.

Money is coming from Continental Europe too, however, according to John Stephen, an investment partner at Jones Lang Wootton. He says that while the French have tended to go for smaller lot sizes of between £5m and £10m, his firm recently acted for Société Foncière Européene in the £26m acquisition of Strand Bridge House in the Strand.

The Dutch, among the first to arrive, are also still active. JLW recently sold Reed House, a 47,000 sq ft office building in Chesterfield Gardens leased back to Reed International, to Nationale Nederlanden for £48.5m.

He thinks that the German funds may soon appear because their own restrictions on foreign investment are being lifted, although the German property market is somewhat conservative and it remains to be seen how adventurous its investors will be with their newfound freedom. They will also have considerable distractions in eastern Europe.

But the new wave, according to Mike Marshall, managing director of Hillier Parker Financial Services, will come from America.

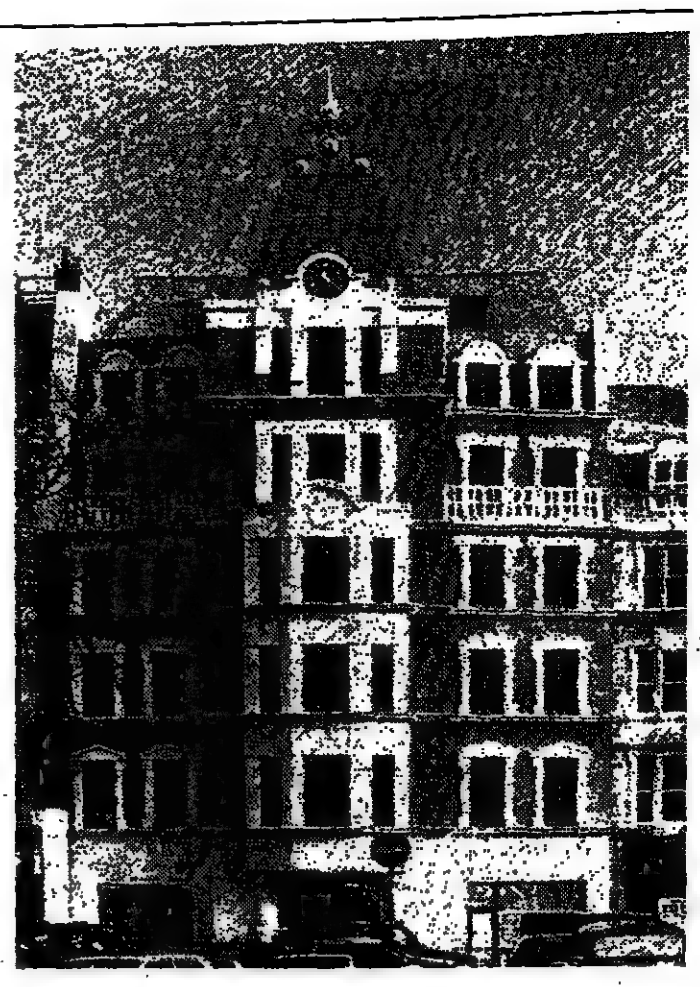
Mike Marshall

John Stephen

"In my view, recent foreign activity in the UK market will pale into insignificance against the impact of the American interest in Western Europe. With serious signs of overbuilding in the US, most American investors are absolutely delighted that there is such a big discount in the present soft UK market; it's the ideal climate for them to buy."

John Stephen agrees. He points to Manhattan's 15 per cent vacancy rate which, he says, highlights among other things the relative advantage of lengthy British institutional leases. "In the UK, tenants are often bound for 25 years with five yearly upwards-only rent reviews. In Manhattan, you can buy a new and fully let investment and in three years' time, you might still have a see-through building."

He says that at present there are many, what the Americans call, tyre-kickers; they drop in, have a look and are not heard of again. There are then developers with home track records based heavily on bank borrowing which they may not find so easy to repeat in Britain. But there are also increasing numbers of American property people who have done their homework on Europe and know what they want. Their spending power will have a major impact.



Strand Bridge House: £26m French acquisition

There is already evidence to support that view in the form of last year's acquisition by Chicago-based JMB Realty of The Randsworth Trust – and its portfolio of mainly West End property – for £258m.

If, for global reasons, that sort of spending power were to come to bear generally on the market, rather than selectively on landmark properties or shareholdings, the UK property investment sector could almost forget about trivial considerations such as domestic interest rates and rental growth prospects for a while.

David Lawson reviews retail trends

Double helping of gloom

RETAILERS are braced for a double helping of gloom over the next few months. The consumer spending surge is finally fizzling out under the pressure of high credit costs just as tenants face a hefty increase in business rates. The West End, which rose faster and further than any other shopping centre during the years of plenty, may now face the indignity of a bumpy decline.

Rents are stagnating in streets where retailers fought tooth-and-nail for a modest shop window a year or two ago. Premiums of more than £1m for the best pitches are a fading memory. Now they are often down to double figures and some hard-pressed tenants are faced with paying newcomers to take over property.

In hindsight, it is fairly plain to see that the market hit a peak back in 1988 before the Chancellor threw sand in the machinery by a series of interest rate hikes. One increase would have hardly affected the progress of a consumer-led charge which had doubled rents over a couple of years. Repeated stabs at the wallet eventually did the trick. Rents levelled off last spring and have drifted down.

Prime Rents
(Standard Unit 20ft x 60ft)

Sloane Street	£210,000
Brompton Road	£290,000
Oxford Street	£280,000
King's Road	£130,000
Kensington	£155,000
Bond Street	£180,000
Regent Street	£200,000

Source: Edward Erdman

"It took a long time for interest rates to bite," says John Buckingham of Jones Lang Wootton. "Retailers kept spending until they were sure this was a long-term trend and not a blip."

Now they know the score, and with the extra incentive of higher business rates in prospect from next month, a few big groups are compiling "hit lists" of surplus stores.

"Some property directors have wanted to dispose of space for over a year," says Charles Anstey at Edward Erdman. "Only lately have they been able to persuade their boards that they should aim much lower than record price levels." Certain milestone deals crop up again and again in agents' commentaries to illustrate how values have eased. For instance, TSB caught the peak of the market when taking 350 Oxford Street at £350 a sq ft. The bank was forced upstairs by planning controls and found it hard to let the ground floor office space until it finally netted Nectar Cosmetics late last year for half the area at £300 a sq ft – some £75 a sq ft less than the "Zone A" asking rent (values are usually based on this 30ft-deep front zone of a shop).

"It might sound like an excuse, but we are merely returning to a 'normal' market after years of boom," Mr Anstey says. "Trade has not collapsed – the Christmas spending figures show that. But it did not reach the targets some people were predicting. Talk about £400 a sq ft rents was plainly too high."

Acceptance of "realistic" price levels runs a remarkable parallel to the housing market. That is not surprising considering that house buyers fuelled the late-80s consumer surge, revelling in a new feeling of prosperity which went beyond stuffing their homes with new goods. Now the principal customers are coming back to earth. But another similarity to housing is the steady flow of demand from those not suffering from interest-rate exhaustion. Shops aimed at big spenders are still in the market to buy "because their wealthy customers always have money and are always willing to spend it," according to Mr Buckingham.

Bond Street, Sloane Street and Regent Street are holding up much better than the mass-market stores of Oxford Street. Timberland Shoes, a US company, was more than eager to be enticed by Healey & Baker into 72 Bond Street and pay £200,000 per annum rent to Ossary Estates. The £165 a sq ft was not in the West End's top price range, but still shows the strength of demand from luxury traders in this newly-fashionable enclave.

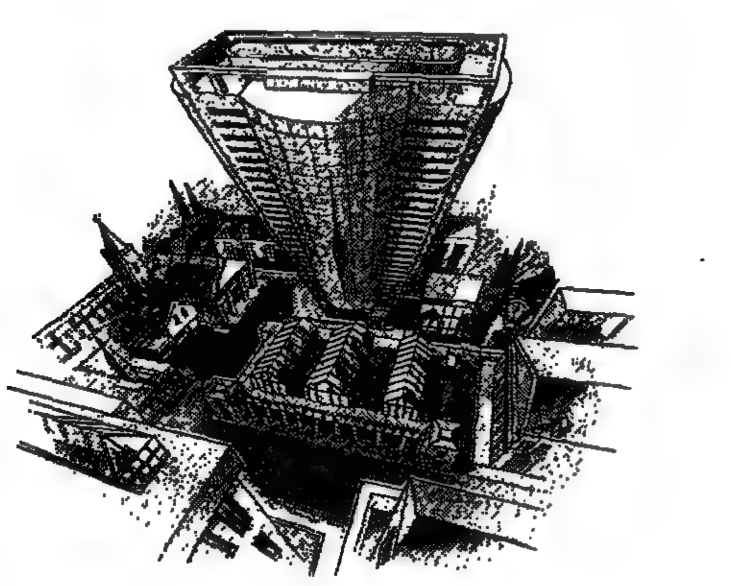
Other specialists could be tempted in as multiples take a hard look at their future, preventing values from nose-diving. In the past they have found it impossible to match bids from the big groups; now they are in a buyers' market. A shadow must still remain over newcomers who will not qualify for phasing relief from the new business rate after April 1. But this will give them strong grounds for negotiating costs downward. Rents may remain relatively stable because of the way leases are structured on the basis of five-year reviews.

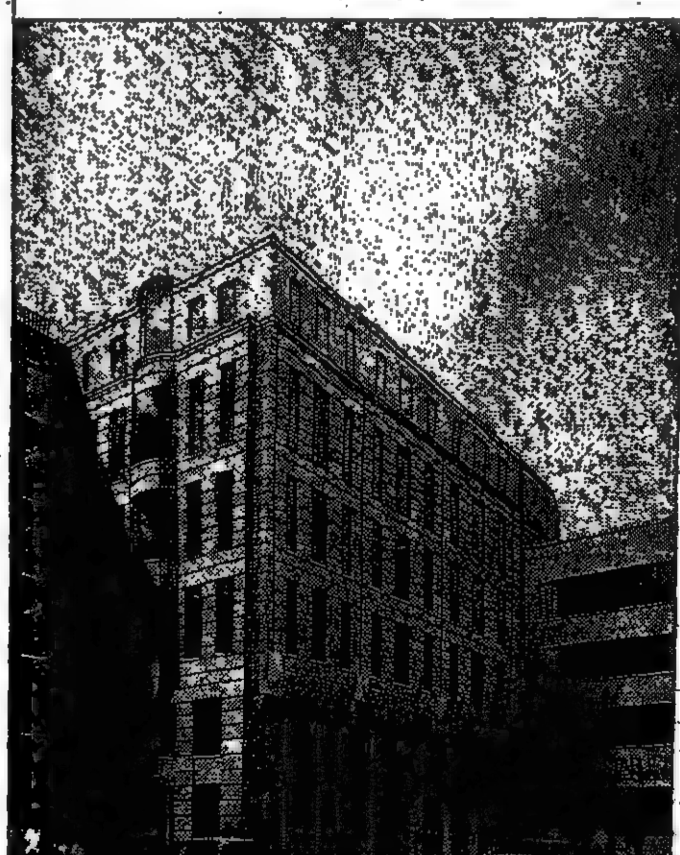
But premiums (the lump sum usually paid to take over an unexpired lease) will continue to fall. "Premiums of £1m were not unusual in prime locations during 1988," Mr Buckingham says. "Now they can be as low as £100,000." Reverse premiums, where landlords or existing tenants pay newcomers to take over a lease, are becoming more common.

Some retailers facing rent reviews might be comforted to know they can hold down the increase because of the slump and threat of business rates. But they will still be facing bills well above levels agreed in the mid-80s. Even in 1987 the average Oxford Street rent was only £175 a sq ft, according to Jones Lang Wootton. In weaker areas such as east of Oxford Circus, reverse premiums may reflect the fact that multiples are no longer keen to expand outside their heartland.

While overseas companies are playing a part in propping up the swankier parts of the West End, one ray of hope for the mass-market areas also comes from abroad. More than 9m tourists spent almost £3.5m in London last year, according to Christina Grundy of Chestertons. Oxford Street probably netted much of this money, and even more visitors are expected this year.

But this will only take the edge off the deep cuts expected in sales as interest rates continue to bite. The West End's long-term future is unchallenged – provided the Tube and roads do not grind completely to a halt – because London has no comparable shopping magnet. But the pips will squeak in the near future as long as the Chancellor squeezes spending. Some small traders will not be able to meet a 20 per cent annual increase in business rates on top of rents agreed at the height of the boom.





WEST END and VICTORIA PROPERTY 3

Soho's clean-up campaign began in 1985. **John Worrall** reports

Cultural transformation

THE NAME, Soho, is thought to have come from "So Ho!", a hunting cry from the 17th Century when that area east of Regent Street was a collection of humble dwellings edged by hunting land.

Times change, though changes in Soho, unlike those in other parts of central London, were piecemeal. There were no great 17th and 18th Century estates and only its two squares (Golden and Soho) saw structured development. Today, its layout is essentially that shown by the famous Rocque map of 1746.

The nearest that wholesale development came was in the 1960s and early 1970s when an unexploited and broadly square tract of central London with a major road on each side and a Tube station at each corner was a natural for a gung-ho development sector. But the Soho Society, formed in 1972, secured conservation area status and thwarted any major physical alterations. Cultural change was by then the main requirement because Soho had become the vice capital of the nation.

Even Carnaby Street, that bright flagship of the Swinging Sixties, was badly faded and living off gawking and souvenir-buying foreign visitors.

So the council and the Soho Society began some controlled turning of the wheel of change by working together on legislation for the licensing of vice-related businesses.

Brian Burroughs, chairman of the Society, says there were 185 buildings with vice-related activities in the early 1980s; there are now about 25.

Meanwhile, the council had embarked upon a facelifting exercise, the Soho Project, a five-year plan which began in 1985 with a £2.4m budget aimed at litter clearance and general upgrading.

The project began with Carnaby Street, perhaps the first pedestrianised thoroughfare in London, where the plastic tiled surface had broken up badly. By 1985, *most properties there* were owned by Peachey Property Company. The company proposed a joint improvement scheme with the council and funded two thirds of it, though that was as much good commercial sense as altruism. Peter Bourne of Peachey says that since 1983, retail rental values have quadrupled.

Street improvements continue along a natural line diagonally across Soho from Oxford Circus through Argyll, Carnaby and Broadwick Streets, Berwick and Rupert, the market streets, and on to Chinatown's Gerrard Street and Newport Place.

Traffic access has had to be largely maintained for loading and emergencies although most traffic is local and rat-running hasn't been a particular problem.

The upgrading has, however, provided for better co-existence of pedestrians and vehicles by the removal of some kerbs and the levelling of wall-to-wall surfaces, an effective measure in slowing vehicles.

Tarmac surfacing has been replaced with Yorkstone and some pavements have been widened and trees planted, though many streets are too narrow to lend themselves to greenery. New street furniture has been installed, much of it paid for by local owners; nearly £500,000 has been donated in one form or another.

But while the improvements have been dramatic, the wheel has now gained its own momentum through one recent *factor with an even greater* effect on the long-term nature of Soho.

The implementation of the new Town And Country Planning (Use Classes) Order in June 1987 grouped light industrial and office uses together and suddenly obliged dozens of small manufacturing businesses to pay office rents for their workshop space as leases came up for review or renewal.

Soho office rents had already risen strongly through the middle 1980s along with the rest of the London market; top rents are now more than £40 a square foot. Old established businesses such as bookbinders, clock makers and small tailors making suits for Saville Row, have since been steadily dropping by the wayside. Brian Burroughs says that about half have been forced out already, something which his Society views with dismay.

In effect, the use class change and the street clean-up have suddenly transformed Soho from a virtual no-go area to a place of bijou offices, as landlords refurbish their buildings to welcome incoming media, advertising and software houses.

Peter Bourne says that most of his office lettings are of less than 1,200 square feet and many of the tenants have come out of Covent Garden which they now regard as too much of a tourist trap.

Jonathon Harris, a partner in Soho-based surveyor, Allsops & Co, notes the same trend and both of them expect big changes on the retail front with more of the high fashion retailing now appearing. Already Carnaby Street retailers, seeking to shed that tatty 1970s image, refer to their pitch as West Soho.

But all new arrivals in both sectors are themselves going to have to cater for another factor which most have only just recognised.

As Jonathon Harris points out, while the use classes change has certainly opened the door to office refurbishment, the boosted rents will be reflected in the new Uniform Business Rate which comes into effect this year. That will hit newcomers and surviving old – stagers alike.

Times change indeed, but the changes are now wholesale. From cheap workspace to office boom to office stagnation in three years, the wheel, it seems, has been making up for lost time.

Traffic problems could damage London's health

Danger signals on roads

Westminster receives more than 235,000 cars daily

LIKE most major cities, London has a traffic problem which is self-regulating: congestion simply bumps along the line of marginal acceptability in the context of London's historic promise that it provides the wealth for those who put up with the dirt and delays.

But although it has always been thus, there are a few danger signals for the capital of late because some decision-makers, faced with more geographical options, are beginning to view London as a difficult place to conduct business; congestion raises costs, destabilises workforces and generally weakens performance.

A recent report by surveyor Jones Lang Wootton showed that 10,000 jobs would be moved out of central London this year, a trickle in the overall scheme of things perhaps and even apparently a potential cure for the problem. But at a time of greater company mobility and an increasingly competitive Europe, it has serious implications for the financial health of the capital.

There are no simple answers. Central London's 1.16m commuters use an inherently rigid road and rail infrastructure with no scope for meaningful road building in the central area and no new underground lines due for several years. Commuters merely switch from rail to road and back again with fare changes, road improvements and individual tolerance.

The present phase of the oscillation, according to government statistics, actually shows a marginal reduction in road traffic although its effect on the overall equation is slight because nearly four out of five commuters use the trains. Rail commuting, divided about equally between Network SouthEast and the Underground, has increased dramatically, particularly use of the Underground, which, by 1988, was up 75 per cent since the early 1980s when recession sent people from the provinces to the capital in search of work.

The problem is underlined, by government estimates that a further 200,000 will be added to London's workforce by the end of the century.

Eyes turn to the roads if only because rush-hour trains are filled with standing people while rush-hour roads are filled with standing cars, many containing only one person.

The options are broadly two-fold: speed the traffic by better management, or thin it by some form of road pricing.

The arguments have been crystallised recently in two publications.

Traffic In London, published by the Department of Transport, proposed better traffic management through a network of "red routes" (in effect, more of the urban clearways which have been around for a while) and stricter measures against illegal parking to improve traffic flow. It rejects road pricing as unrealistic.

A Cleaner Faster London, published by the Institute for Public Policy Research, espouses road pricing as environmentally friendly and the way to more efficient road use.

Between those two positions, but nevertheless tentatively inclined to give road pricing a try, sit a number of interested parties, among them the CBI, the Royal Institution of Chartered Surveyors and some inner London local authorities, including Westminster which receives more than 235,000 cars every day.

Both extremities of the debate have problems. The DoT argument in *Traffic In London* is, first, unclear on what is supposed to happen when improved flow brought by better management attracts more traffic until congestion rebuilds to the threshold of acceptance already demonstrated by private car drivers.

Second, and more disturbing, in assessing the road commuter problem, it states that "the problems of peak-hour traffic on London's roads are substantial. But car commuting into central London is not the main problem at present. Car commuters into central London during the morning peak account for only 14 per cent of this commuter traffic . . ."

That is at best misleading. Another DoT publication, the *Transport Statistics Report* of November 1989, shows that the 14 per cent in fact represents the proportion which those travelling by car make up of all London's commuters using all modes of transport. Buses carry only 8.7 per cent.

According to *Transport Statistics Report*, furthermore, more than three-quarters of the 1.6m vehicle movements in and out of central London every 24 hours are made by cars and taxis, and since there are only 15,200 taxis, it seems strange the DoT does not regard private cars as being at the heart of the problem.

John Worrall

IMPACT OF THE NEW RATING

Tame ending for a horror story

DOOM and disaster descends on Britain's richest business centre next week. Commuters who bother to turn up for work will pass empty and boarded shops. Offices will echo to the wails of bankrupts and health services may break down under the burden of bodies flying off gleaming towers. But then again, perhaps the day will be like any other. It depends how literally you take some predictions that Armageddon is about to overcome the West End.

This hysteria springs from the new uniform business rate (UBR) which, perhaps aptly, comes into force on April Fool's Day. Many tenants already felt part of some massive practical joke when horrific stories emerged about massive rate increases in line with Harrods's £24m assessment and the 1,800 per cent rise in the value of Marks & Spencer's Marble Arch store. Bigger bills are certainly in the pipeline but last month's headlines overplayed the impending crisis.

Every property in the country was revalued for the first time since 1973 as a basis for the new rate system. The West End has been hit hard because rents have soared in those years, particularly in shopping areas like Oxford Street and new office centres like Covent Garden. But the new rateable values (RV) have taken on too much importance in the minds of tenants – and some headline writers – unsure about how charges work. Annual payments will be based only on the uniform rate of 34.8p for every pound of RV and a phasing system will limit increases to 20 per cent a year (plus inflation).

Harrods will not pay £24m (its RV), nor even the £8.3m due if there were no phasing. This year's rates will be more like £1.25m, a minuscule proportion of overall occupation costs. In fact, the store may not be paying its full liability until well into the next century because phasing may be renewed after 1994.

That suggests that top stores are unlikely to suffer the sort of hardship which will influence rent levels. They are far more worried about weakening consumer spending. Where profits are under pressure, however, the extra burden may encourage rationalisation. A close eye is being kept on household goods businesses such as Storehouse and Dixons for potential branch closures which may weaken the market.

The chief victims of UBR are single-branch outlets without such an escape route. But even here it must be remembered that extra rates may not present a crucial problem. John Webster at Edward Erdman points out that the annual increase may represent only 5 per cent of total occupation costs. The equation does not always work this way. Shell, for instance, would face an 83 per cent increase in its £257,000 annual rates on the Adelphi building off the Strand without phasing relief, according to Mike Nicholson of Property Intelligence.

Most West End office tenants could be facing 50 per cent increases on current charges and phasing will be exhausted within two years providing inflation remains at the current rate, says Kenneth Cohen of DE & J Levy. This limited gain convinces him that a burst of letting since the new year rests on confidence rather than a rush to move before April 1.

But a more widespread feeling is that rents, premiums and letting will be dampened by the new rates for several reasons. First, the loss of phasing relief may hold many tenants in existing premises. "It may cushion those in areas and premises where increases are highest because this is where relief will also be substantial," says Patrick Cooke-Priest at Daniel Smith.

Even more pressure to stay put will arise where a rent review comes up during phasing. By law the new rent must be set according to market value with vacant possession. But empty premises would have no potential savings from phasing, so the value must be lower. The tenant would therefore have the double benefit of phased rate increases but a discounted new rent.

On the other hand, extra rent may be the straw that breaks a tenant's back. Rate increases alone may also force a small retailer to try and get rid of premises, but this could prove a problem. Even a broom cupboard on a prime West End pitch will not qualify for the extra help offered to small businesses – restriction of rate increases to 15 per cent a year – because the values will generally be too high.

Potential new tenants will not have the benefit of phasing and may demand a low – or even a reverse premium – to take over the lease. This is where bankruptcies are likely to be concentrated.

David Lawson

Inner cities held in a rates trap

By Paul Cheeseright

High interest rates can throw out the delicate financing of inner city property projects where the costs have been fixed well in advance as part of a company's negotiations with the Government to obtain a subsidy.

Companies active on urban regeneration projects in cities of the Midlands and the north may have some immediate safeguard against the downturn in the economy because, arguably, their property markets are healthier than those of London and the south east. But this could be changing, according to figures compiled by the Investment Property Databank for its monthly Index.

Higher financial charges, though, are universal. So response to the self-congratulation, which may be expected to trickle out of the Government's public relations machinery as the second anniversary approaches of the Action for Cities programme, could be frigid.

The Government will no doubt stress the amount of money it is spending: 20 per cent more than 1988-89 during the current financial year at £3.5bn. There will be speeches about how successful urban development corporations have been in promoting new commercial development.

It will be noted that the regeneration of inner cities depends on healthy local economies and it will be observed that unemployment rates have been dropping. Renewed emphasis will doubtless be placed on the necessity of co-operation between the private and public sectors.

Developers on the other hand will question whether the money is being wisely distributed. Some will argue that too much is going into the London Docklands – simply to sort out infrastructure problems – at the expense of the rest of the country.

Others will suggest that the Government's own inner cities effort is overly concentrated on the urban development corporations and will support the National Audit Office view that official spending is ill co-ordinated.

"There would be a more efficient return for the Government on capital employed if it could ensure a more co-ordinated and less bureaucratic structure for control and assessment of grants," said Mr Martin Winch, managing director of Avatar.

Certainly Avatar has a vested interest in this. It was set up in 1987 by Balfour Beatty and London & Edinburgh Trust, but it was not provided with any capital, only with the covenant of its parents to raise funds. Its object is to make profits from inner city projects, usually as a joint venturer, using loans and grants as its financial instruments.

Its Arcadian leisure, hotel and shopping development on land near the Hippodrome in Birmingham will be completed next year. The structure of that development shows not only how private and public capital knit together, but also how a project comes under pressure from the high interest rates.

First the land. It is owned by Sir John Gooch. It housed a collection of warehouses and car parks producing £1.00-£1.50 a square foot. This land was leased to Avatar for 125 years by the Gooch estate in exchange for a share of the rental created by enhancing the value of the land through the property development.

So, response to the self congratulation which may be expected to trickle from the Government's public relations machinery as the anniversary approaches of the Action for Cities programme, could be frigid

So no immediate cost to Avatar here. Its front-end expenditure of about £2m came rather from obtaining vacant possession, designing the Arcadian and obtaining planning permission.

The cost of the development, once construction charges have been taken into account, is £12.5m, yet the expected development value has been calculated at more like £10.5m. But Avatar has negotiated a City Grant from the Department of Environment of £3.2m.

The Grant thus covers the gap between loss and profit and builds in a profit margin of £1.2m-£1.3m for Avatar. Public money has underwritten the private sector risk and profit. But the DoE expects some form of repayment.

Avatar agreed with the DoE to cap its initial profit at 15 per cent of the total development value – or about five percentage points less than most developers would hope to receive. If the development value goes above a certain level, then Avatar and the DoE share the proceeds equally.

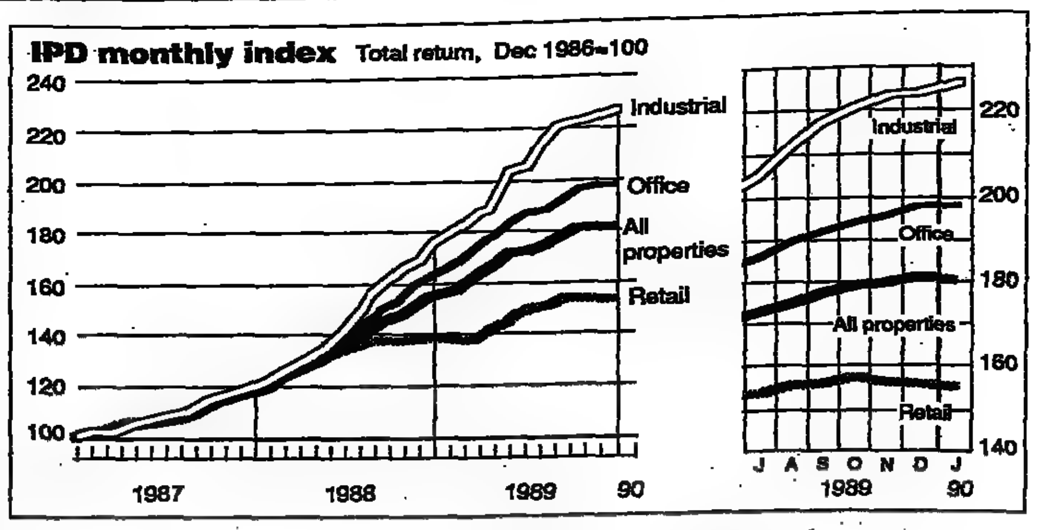
In terms of immediate cashflow, Avatar has taken payments from Arcade Hotels, a French group, and Cannon, the cinemas group, for respectively the sites of a 164-bedroom hotel and a multiplex cinema. And these two parts of the development will not be financed by Avatar.

But Avatar does not obtain the full benefit of these advance payments because a portion of what is like an advance payment on rents goes to the Gooch estate.

For its part of the construction costs – and this where the high interest rates become painful – Avatar has a short term bank loan of £8.5m at LIBOR plus one per cent, a tight margin secured only because of Balfour Beatty-London & Edinburgh Trust guarantees.

But because the cost of the money is higher than when the project's budget was set, there is a squeeze. Avatar is locked into that original costs structure because of its agreement with the DoE. So it is forced to look for savings which will leave unaffected the fundamental value of the project.

One example - the architects for Arcadian wanted quarried stone laid by stonemasons. If Avatar uses reconstituted stone laid by bricklayers, it saves £250,000. But this sort of approach cannot be taken too far without lowering the quality of the development and hence the level of rents.



Slowdown stabilised

THE MARKET slowdown, especially marked in the 1989 last quarter, appeared to have stabilised in January, according to the latest figures from the Investment Property Databank. But on a year-to-year basis, total returns continued to slip, lengthening the trend which has been apparent since early 1989. They were 15 per cent in the year to January 1990 against 16.4 per cent for the year to December 1989.

Overall, total returns are at similar levels for all regions of Britain, but IPD noted, "over the past month, rental value growth was significantly confined to London and the south east of England." Property growth in the regions seems to be tapering off.

The only sector to have a better January than December was retail where the decline in the capital growth and total return was less marked. But the January monthly rental increase at 0.3 per cent was half that of December. The strongest regional performance in the sector came from London.

Total returns in the office sector for January were the same as in December. Over the past year total returns from offices in the regions at 37.8 per cent were double those of London, but in January the total returns were the same throughout the country.

Industrial property, IPD said, "continues to outperform the other sectors and its total return of 1 per cent (for January) is almost double that of offices.

Although, over the last year, total returns from industrials have been similar across all the regions, a disparity between south-east England and the rest of Britain appeared in January.

Rental growth was 3.9 per cent in the south east and total returns were 2.3 per cent, but, IPD commented, "elsewhere returns were barely positive in this sector, as capital values began to fall."

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CONTRACTS & TENDERS

EMPRESA LINES MARITIMAS ARGENTINAS S.A.
Ministry of Works and Public Services Secretary of Transport
RESTRUCTURING OF E.L.M.A. SA. FLEET.
Law 23.629 on the reform of the State Decree 943/89

Notice is hereby given of THE INTERNATIONAL PUBLIC TENDER NO: 7/89 in order to proceed with the remodeling of the fleet of Elma S.A. by means of the combined undertaking of the following operations:

a) The sale of sixteen ships: "RIO LIMAY", "RIO ESQUEL", "CORDOBA", "LA PAMPA", "SALTA", "JUJUY II", "TUCUMAN", "ALMIRANTE STORNI", "NEUQUEN II", "LIBERTADOR GENERAL SAN MARTIN", "DR. ATILIO MALVAGNI", "PTE. RAMON S. CASTILLO", "GRAL. MANUEL BELGRANO", "LA RIOJA", "SAN JUAN", and "SANTA CRUZ II".

b) The incorporation by leasing or bare boat charter - with option to purchase of eight container or multipurpose vessels, maximum age 4 years

The units for sale are in commercial operation and therefore those interested in inspecting them should communicate with the commercial management of Elma S.A. (Corrientes 389, piso 4, B. Aires, Argentine Republic - Tel. 312.5428 or 312.4861 ext. 236, telex 18458 - 18459 - 23067 Elma AR) and/or with its delegations abroad:

BRAZIL: AV. RIO BRANCO 52 - 10° ANDAR, RIO DE JANEIRO - CEP 20092, TELEX NO 2130085 - 2122648

EUROPE: 18 NEUER JUNGFERNSTIEG, 1st Floor, 2000 HAMBURG 36, WEST GERMANY, TELEX N0 215220 EL D — VIALE BRIGATA BISAGNO 14/31, 16129 GENOVA -ITALY, TELEX NO 270166 - 282656 SUDEU I — PLANTATION HOUSE C BLOCK 7TH floor, 31 - 35 FENCHURCH STREET LONDON, TELEX N0 885450

FAR EAST: SWIRE HOUSE - 5th floor, 14 ICHIBANCHO CHIYODA - KU, TOKYO 102 - JAPAN, TELEX No 720 2322829 ELMA TK J — ASIA CHAMBERS 09 05, 20 MC CALLUM STREET, SINGAPORE 0106 - SINGAPORE, TELEX 21650

USA: ONE EVERTRUST PLAZA A, 7th floor, JERSEY CITY, N.J. 07302, TELEX 424796

BASE PRICES OF THE VESSLES FOR SALE: Specified in the details of conditions.

COST OF THE DETAILS: General conditions, appendix I (leasing or bare boat hire), appendix II (sale): US $ 4,000. General conditions and appedix I: US $ 3,000. General conditions and appendix II: US $ 2,000.

CONSULTATIONS: From 08.03.90 to 15.03.90 in Corrientes 389, lower ground floor, Purchasing Department, Elma S.A., B. Aires, Argentine Republic. (Tel. 312-2221, 312-4861 ext. 269 telex 9183 Elma AR) and/or in its Delegations abroad.

Opening of offers 09.04.90

COMPANY NOTICES

MHANGURA COPPER MINES LIMITED
(Incorporated in Zimbabwe)
INTERIM REPORT

OPERATING RESULTS (Tonnes)	Six months ended 31/12/89	31/12/88	31/12/89	31/12/88
	Ore milled		Recoverable copper	
Miriam	559 000	577 800	3 550	3 913
Norah	225 530	238 400	1 221	1 311
Total	784 530	816 200	4 771	5 224
Concentrates purchased			2 236	2 558
Smelter production			11 362	10 363
ex new material			8 948	8 181
ex refinery scrap			2 414	2 182
Refined copper produced (M.C.M.)			8 534	7 975
Refined copper produced (Other)			[illegible]	245
Sales - Copper			6 890	8 108
- Silver (kg)			7 500	7 793
- Gold (kg)			139	111

FINANCIAL RESULTS (Z$000s)	(Unaudited)	
Turnover	48 351	50 149
Mining profit	3 188	8 250
Interest (net) sundry income less other expenditure	(2 036)	(2 115)
Net profit	1 152	6 149
Capital expenditure	1 178	2 908
Profit per stock unit (cents)	5.76	30.7

COMMENT
During the period under review ore production decreased by 3.9% whilst recoverable copper decreased by 8.7% compared with the same period last year. The decreases were largely due to reduced availability of LHD machines and breakdowns of major equipment. Strenuous efforts have been made to obtain the necessary foreign currency for the purchase of replacement LHD machines but to date these have met with only limited success.

Although the smelter was shutdown for planned refurbishment in July 1989 and for further essential repairs early December 1989, the smelter and refinery production increased by 9.6% and 2.4% respectively. The continued toll refining of FOSKOR concentrate material more than offset the decreases in production which would have otherwise been reflected.

Turnover decreased by 3.6% as a result of the lower copper production. A net profit of Z$1.15 million was made compared with net profit of Z$6.14 million in the previous year and this decline can be attributed to increased working costs the main reason for which was the increasing high cost of maintaining and repairing old machines and equipment.

During the latter half of 1989 the average monthly prices of copper fluctuated in the range of Z$5 274 to Z$6 411 but has since declined and the future of the market is uncertain. This factor coupled with the borrowings of the company and the current capital expenditure programme preclude the declaration of a dividend.

By Order of the Board
CFA INVESTMENTS LIMITED
London Secretaries
Per: R.B. Brunt

LONDON 16 February 1990

Registered office: 4th Floor, Batanai Gardens, 57 Stanley Avenue, HARARE
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NOTICE TO HOLDERS OF WARRANTS
FUTABA CORPORATION
U.S.$100,000,000 4½ PER CENT NOTES DUE 1993 WITH WARRANTS

Pursuant to Clauses 3 and 4 of the Instrument dated 28th April, 1988, the following notice shall be given.

At the meeting of the Board of Directors of FUTABA CORPORATION (the "Company") held on 14th February, 1990, a resolution was adopted for the issue of new shares by way of free distribution, the particulars of which are given below. Consequently, the Subscription Price of the captioned Warrants (the "Warrants") shall be adjusted, as specifically provided in paragraph 3 below.

1. The free distribution of new shares will be made to shareholders of record as of 31st March, 1990, Tokyo time, at a ratio of 0.10 *shares for each one share held.*
2. The free distribution will be made on 18th May, 1990, but the dividends for these new shares will accrue as from 1st April, 1990, Tokyo time.
3. Pursuant to Condition 7 of the Instrument, the Subscription Price will be adjusted from Yen 5,125.50 to Yen 4,659.50 per share of the common stock of the Company effective as from 1st April, 1990, inclusive.

THE MITSUBISHI BANK, LIMITED
as Principal Paying Agent
on behalf of
Futaba Corporation

Dated 23rd February, 1990

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be CLOSED for one day only on 6th March, 1990 for the preparation of dividend Warrants payable on 1st April 1990.

Dated this 23rd day of February 1990

J. A. Fennell
Secretary

Blackwell House
Aldenham Road
WATFORD
Hertfordshire
WD2 2EY

LEGAL NOTICES

NOTICE OF THE FIRST MEETING OF CREDITORS DREXEL BURNHAM LAMBERT FINANCE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at the Chartered Insurance Institute, 20 Aldermanbury, London EC2 on Friday, the 2nd day of March 1990 at 11.15 am in the forenoon, for the purposes mentioned in Section 99, 100 and 101 of the said Act.

Statements of claim, and proxy forms if applicable, must be lodged at 1 Puddle Dock Blackfriars, London EC4V 3PD not later than 12 noon on the 1st day of March 1990.

A list of the names and addresses of the company's creditors may be inspected, free of charge, at 165 Queen Victoria Street, London EC4V 4DD on 28th February and 1st March 1990.

Dated this 21st day of February 1990
By order of the Board
M.L. Manning
Director

IN THE MATTER OF DREXEL BURNHAM LAMBERT LIMITED
and
IN THE MATTER OF THE INSOLVENCY ACT 1986

Registered number: 1132634
Nature of business: Brokers and dealers in commodities, securities and foreign exchange.
Trade classification: 38
Administration order made: 16th February 1990
C.T.S. Hayward and P.W. Wallace
Joint administrators (office holder no(s) 6096 & 5361.

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West End & Victoria Property
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20 April - Property in Yorkshire
11 May - Business Parks
25 May - Property in the London Docklands
15 June - Office Property
6 July - Property Investment & Finance
21 September - City of London Property
5 October - Glasgow Property
2 November - Port, Marina & Waterfront Developments
23 November - London Mid-Town Property

For a full editorial synopsis and details of available advertisement positions, please contact
Tessa Taylor on 01-873 3211
or write to her at:
Financial Times, One Southwark Bridge, London SE1 9HL

Big rise in demand 'could leave Opec over-stretched'

By David Thomas, Resources Editor

DEMAND FOR oil from the Organisation of Petroleum Exporting Countries could increase by a third by the end of the century, the secretary-general of Opec said yesterday.

Dr Subroto, formerly the Indonesian oil minister, said that Opec believed demand for its oil would rise to 28m barrels a day (b/d) in 1995 and to 32m b/d in the year 2000. This compares with present Opec production estimated at just over 23m b/d.

Speaking to the Institute of Petroleum in London, Dr Subroto repeated pleas he had made in several recent speeches for external sources of finance to help Opec expand its capacity.

Dr Subroto estimated that Opec would have to spend in the region of $60bn, or 10 per cent of its annual revenues, over the next five years to expand its capacity.

"If oil prices remain for some years at their present level of $18 a barrel in nominal terms, and Opec has to invest 10 per cent of its revenue in the upstream sector alone, Opec runs the risk of over-stretching itself to the point where a sharp price increase could become inevitable," Dr Subroto said.

The Opec secretary-general issued a strong warning about the increasing environmental demands on the oil industry and called for environmentalists to join producers and consumers in planning the industry's future.

Nigeria to raise oil production

By William Keeling in Lagos

THE NIGERIAN Minister of Petroleum Resources, Professor Jubril Aminu, has announced that Nigeria intends to increase its production capacity to 2.5m barrels a day within the next five years. That is substantially above the present operating ceiling of 1.6m barrels a day.

Along with higher production capacity, exploration would need to be intensified to increase proven reserves from the present 16bn barrels. The minister projected that the extra capacity would be taken-up by increased world demand for Opec oil and a rise in local demand for oil products. The latter currently accounts for 300,000 barrels a day.

Oil provides 85 per cent of Nigeria's foreign exchange earnings and efforts are being made to develop a fully-integrated petro-chemical industry for the nation.

In a significant step towards this end it has been announced that Japan's Miti Insurance Corporation will shortly sign a $900m export credit insurance cover for the Eleme petrochemicals project.

The project's parent company, the Nigerian National Petroleum Corporation, is also seeking cover from Coface, the French export credit agency, for a $25m loan to be organised by Spiebattignolles, the project's infrastructural contractor.

The project, which is expected to come on stream in early 1993, is designed to have an annual capacity of 300,000 tonnes of ethylene, 90,000 tonnes of propylene, 250,000 tonnes of polyethylene and 22,000 tonnes of butene-1 products.

Investors hold key to gold price

By Kenneth Gooding, Mining Correspondent

INVESTORS HOLD the key to gold's price performance this year, according to the CPM consultancy group.

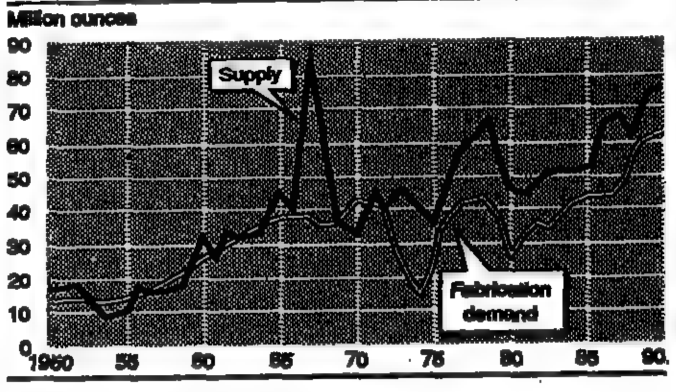
Supplies of physical gold are tight and are likely to remain tight throughout 1990. In these circumstances, even small changes in investor interest in gold will have major effects on the price, it suggests.

CPM says that in 1989 investors spent about $5.2bn on gold. If demand holds at the same level this year, the gold price can be expected to rise 2 per cent to 5 per cent.

"Should investors want to increase their exposure to gold, which seems more likely, the price will have to increase more than this. A 10 per cent increase in investment demand for gold, for example, could be reflected in an 11 per cent rise in gold prices, to an annual average of $420 or more in 1990," CPM says in its latest review of the gold market.

"Given past investment demand patterns, in dollar terms, it is quite reasonable to expect investors to increase their spending on gold by at least 10 per cent in 1990, and possibly by much more."

Gold



Investors in western Europe and North America moved back to gold late last year, the review suggests. However, this renewed interest has not yet brought small private investors in those regions back to the market.

CPM estimates that net private investment in gold totalled 13.6m troy ounces last year, up by 92 per cent from the depressed 1988 level of 7.1m ounces.

The group, formerly known as Christian, Podleska and van Musschenbroek, forecasts that gold supplies could rise this year by 4.3 per cent from 70.4m ounces to 73.4m ounces, propelled by gold flowing from secondary (scrap) sources and continued growth in mine production.

Fabrication demand is seen increasing at a more modest 3 per cent to 61.9m ounces in 1990, although CPM admits "this may prove to be on the conservative side."

Precious Metals – Gold, $2,000 quarterly or $700 per report from CPM, Suite 305, 71 Broadway, New York, NY 10006, USA.

EC plan to cut land support condemned

By Bridget Bloom, Agriculture Correspondent

CHANGES IN the European Community's scheme to support farmers in disadvantaged hill areas have been attacked by a British parliamentary committee.

The Lords Select Committee on the European Communities severely criticises last November's agreement by EC farm ministers to limit EC funding for hill livestock compensatory allowances.

The committee says that the scheme, under which EC funding will be reduced by half to farmers who receive more than £4,300 a year in subsidy, and will cease entirely for producers who receive over £8,600, "will reduce the effectiveness of HLCAs as a means of socio-structural support."

The HLCAs are paid to farmers in less favoured areas to compensate them for the natural handicaps on their land. They are widely held to prevent depopulation and thus to preserve rural life.

The committee say that the changes will be felt mainly in Britain, since they link HLCAs to farm size. It says the UK Government should make up the shortfall, estimated at £4m to £5m, when the regime comes into force on January 1. Currently the scheme costs £120m in the UK, of which the EC funds £30m.

Farmers in disadvantaged areas, like Exmoor, in south west England, got nearly two thirds of their net income in 1988-9 from direct subsidies like the HLCAs, an analysis by Exeter University reveals

Net farm income totalled £12,700, with the subsidy component rising from £8,200 to £8,800. In the region as a whole, dairy farmers did best, netting income of £33,365 a year. Arable farmers income averaged £6,113.

HLCAs. HL Paper 19. HMSO £13.80.

Agricultural Economic Unit, Exeter University £4.

Filipino farmers hunt for profits in the long grass

John Madeley says bamboo may be grown where forest has gone

WITH TREE felling continuing at a high rate throughout most of Asia, a grass rather than a tree is emerging as an intriguing new hope for the region's denuded hillsides.

Bamboo, variously referred to as "green gold" and "poor man's lumber", is no stranger to the region – it covers more than 10 per cent of India's forest area – but is now coming in for particular attention.

In the Philippines the need for afforestation is critical. The country faces probably the most serious tree-felling problem of any in the region. A recent survey found that out of the country's 15m hectares of classified forest, "only 0.99m hectares of old growth or virgin forest are left."

During the last 20 years the annual rate of forest destruction has been running at 210,000 hectares. Unless that rate slows, or massive replanting takes place, all forest will therefore disappear within five years.

While the export of logs has officially been banned, illegal logging and exporting continue, often, it seems, with the connivance of senior politicians and the military. Timber exports could be fetching the country as much as £1bn a year.

But the effect on the environment is devastating. Forest loss has led to severe soil erosion in many areas. More than half of all crop growing land is now estimated to be suffering from soil erosion and this could have dire consequences for food output. A study by the Washington-based World Resources Institute found that agricultural land in the Philippines was "extremely vulnerable to erosion and nutrient loss."

Mr Friedrich Schlegel, adviser to a research and development project run by the Government's Department of Environment and Natural Resources, believes that bamboo could be planted extensively on the denuded hillsides of the Philippines and other countries in the region, halting soil erosion and giving farmers a profitable crop.

The project, which is assisted by the UN Development Programme and Food and Agriculture Organisation has trained 180 key farmers throughout the Philippines to propagate plants and maintain and harvest the grass.

"These farmers are then passing on their knowledge to other farmers," says Mr Schlegel.

He refers to bamboo, as a "tree-like grass, a very important afforestation plant, because it has a dense rooting system and protects the soil very well."

Bamboo is also less demanding on soil moisture than trees because its root system is shallow. Ground water is therefore not tapped – which in dry areas could be of crucial importance.

The grass is suitable for small farmers, believes Mr Schlegel, as it is easily propagated and maintained, needing watering only in its first years of growth. "After that it can be left," says Ms Fatima Tangan, a researcher at the projects's four and a half acre experimental station near Baguio City, 150 miles north of Manila.

But what is extraordinary about bamboo is the speed at which it grows in tropical climates. In the first rainy season after being planted, bamboo can grow to a height of 40 feet in five weeks – more than a foot a day. Its hollow stem widens to anything between three and 21 inches.

Bamboo can grow to a height of 40 feet in five weeks

Three years after planting, the farmer harvests his first crop of bamboo cane, followed by a crop each year. Production increases steadily to reach a peak after about 10 years, before levelling out.

With the shortage of conventional timber in the Philippines – and also of rattan, used for handicrafts – bamboo cane is increasingly in demand. It is considered important as a house construction material, for making furniture, fencing – affording protection to crops against cyclones – fishing poles and ladders.

Bamboo therefore offers the hope of re-afforesting the hillsides and providing the raw material needed by industry, not least for construction.

At the Baguio experimental station, different types of bamboo are being tested for recommending to farmers. Some species can yield 20,000 canes a hectare, three years after planting – and a cane can fetch 10 pesos (about 26p).

Mr Schlegel believes that if farmers can be shown that they can make a good profit from bamboo, they will need little persuasion to plant it. "Farmers are now opening their minds to the possibilities of bamboo," he says, "and many are now starting to plant"

The work the Baguio station is doing can be of value to other countries in the region, says Mr Schlegel, "because the problems are basically the same."

Government forestry officials in the Philippines are now trying to introduce bamboo to farmers. The snag, however, is that most of them have little or no knowledge of the grass.

But provided they can catch up with the technology, the "poor man's lumber" could yet become nature's gift to a region ravished by logging with little regard to the consequences. Bamboo, in short, is not as hollow as it looks.

Dutch grain price protest

By Laura Raun in Amsterdam

ABOUT 8,000 angry Dutch farmers protested against falling grain prices by blocking major roads with their tractors yesterday.

Continuing their protest for a third day, the farmers blocked border crossings into West Germany and Belgium, jammed dike roads and obstructed intersections.

The Dutch cereal growers hope their anger will infect other European farmers before the European Community sets 1990 grain prices in April.

About 200 German farmers helped to seal frontier crossings and others obstructed the border with Denmark yesterday, according to Mr R.T. Haveman, a protest organiser.

The farmers are demanding that Mr Gerrit Braks, the Agriculture Minister, should seek a 6 per cent increase in EC grain prices to restore them to 1988 levels. Mr Braks rejected the demands on Wednesday night, but Mr Ruud Lubbers, the Prime Minister will meet the farmers tomorrow.

Tin in reasonable shape as stocks fall

By Kenneth Gooding

THE OUTLOOK for tin this year is "modestly positive," suggests the David Williamson Associates consultancy group.

While the metal is unlikely to buck a bearish base metals trend, it is in reasonable fundamental shape since stocks are falling, albeit slowly, Williamson says in its latest International Mining Review.

Williamson predicts tin consumption this year will be about 188,000 tonnes compared with 185,000 tonnes in 1989.

On the supply side, tin from Brazil and China remains the key concern. Western world supply reached 185,000 tonnes last year, up from 176,000 tonnes in 1988, and 1990 could see a further increase despite a 5 per cent cut in the export quotas agreed by the Association of Tin Producing Countries.

However, Williamson suggests that this year there will be a 3,000 tonnes deficit of supply compared with demand after one of 5,000 tonnes in 1989. But there still remains 30,000 tonnes of stocks to be absorbed.

The Review forecasts a 1990 average tin price of $7,300 a tonne, "with a rally to $8,000 when consumers re-enter to cover their second and third quarter needs."

International Mining Review, Monthly. £150 or $225 a year from David Williamson Associates, 18 Colville Road, London, W3 8BL, England.

WORLD COMMODITIES PRICES

LONDON MARKETS

SUPPLY WORRIES caused by production problems at mines and smelters in various countries continued to affect the London Metal Exchange lead market yesterday. The cash price closed £27 higher at a 10-year high of £512.50 a tonne, and the premium over the three months delivery price widened another £22 to £73 a tonne, having reached £85 earlier in the day. Copper led a general rise in the other LME metals with a £22.50 rally to £1,443.50 a tonne following Wednesday's £32.50 decline. Short-covering by European traders lifted the price early in the day but gains were trimmed back later after New York's March futures price failed to breach the crucial 115.5 cents a lb barrier. London coffee futures made further modest gains, despite forecasts of rain in Brazil, where lack of moisture has been caiusing concern.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.35-6.46z	-.125
Brent Blend	$19.35-9.40z	-0.10
W.T.I. (1 pm est)	$21.68-1.73z	-0.17
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$221-223	-1
Gas Oil	$173-174	+3
Heavy Fuel Oil	$89-90	
Naphtha	$191-192	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$417.75	-2.25
Silver (per troy oz)♣	529c	-4
Platinum (per troy oz)	$525.90	-8.25
Palladium (per troy oz)	$136.75	-0.55
Aluminium (free market)	$1485	+20
Copper (US Producer)	$117\frac{5}{8}$-122c	$+3\frac{1}{4}$
Lead (US Producer)	41.5c	
Nickel (free market)	336c	
Tin (Kuala Lumpur market)	16.42r	-0.19
Tin (New York)	287c	+1
Zinc (US Prime Western)	$66\frac{1}{2}$c	$+1\frac{1}{4}$
Cattle (live weight)†	110.31p	-0.17*
Sheep (dead weight)†	208.24p	+2.69*
Pigs (live weight)†	96.99p	+2.48*
London daily sugar (raw)	$353.6x	+0.6
London daily sugar (white)	$428.5x	-0.1
Tate and Lyle export price	£320.5	+0.5
Barley (English feed)	£111w	
Maize (US No. 3 yellow)	£127.5	
Wheat (US Dark Northern)	£127	
Rubber (Apr)♥	55.25p	-0.25
Rubber (May)♥	56.00p	
Rubber (KL RSS No 1 Mar)	229.5m	
Coconut oil (Philippines)§	$385t	
Palm Oil (Malaysian)§	$285w	+7.5
Copra (Philippines)§	$225	
Soyabeans (US)	£157	
Cotton "A" Index	78.25c	+0.35
Wooltops (64s Super)	548p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	635	629	638 632
May	648	641	652 644
Jul	660	653	664 656
Sep	675	670	680 674
Dec	701	695	704 696
Mar	720	715	724 717
May	735	730	739 731

Turnover: 9182 (13034) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 21 783.14 (777.49) 10 day average for Feb 22 766.83 (761.40)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	616	614	624 612
May	627	625	639 623
Jul	637	637	651 635
Sep	650	654	663 646
Nov	661	667	675 660
Jan	677	683	690 674
Mar	695	697	700 696

Turnover: 5624 (4730) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 21: Comp. daily 70.42 (69.65). 15 day average 65.23 (64.71)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	325.40	322.60	326.20 318.00
May	328.00	323.80	328.00 320.00
Aug	325.80	322.80	326.00 318.60
Oct	317.80	313.60	317.80 310.80
Dec	311.00	311.40	309.00
Mar	295.00	292.00	298.00 290.00
White	**Close**	**Previous**	**High/Low**
May	427.0	424.0	427.0 422.0
Aug	426.5	423.0	427.0 421.5
Oct	393.0	388.5	392.5 386.8
Dec	371.0	365.5	364.8
Mar	365.0	360.0	364.5 362.6

Turnover: Raw 5312 (4090) lots of 50 tonnes. White 1200 (906)
Paris- White (FFr per tonne): May 2420, Aug 2435, Oct 2250, Dec 2145, Mar 2130, May 2130.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	19.35	19.49	19.50 19.30
May	19.33	19.33	19.42 19.30
Jun	19.27		19.27
IPE Index	19.55	19.68	

Turnover: 5218 (2215)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Mar	169.00	167.75	170.00 166.00
Apr	165.75	163.75	166.50 164.00
May	163.75	161.75	164.25 162.00
Jun	163.25	162.50	163.50 161.25
Jul	164.00	161.75	164.00 162.00
Aug	163.00	164.00	163.00

Turnover 3773 (1828)lots of 100 tonnes

FRUIT AND VEGETABLES

LEMONS are in excellent supply this week in time for Pancake Day, and at 6-18p each (10-20p) are great value, reports FFVIB. Kiwifruit at 10-25p each (10-25p) are still a best buy. Other plentiful fruit include oranges at 10-25p each, grapfruit at 10-25p, pineapples at £1.10-2.40 and bananas at 50-65p a lb, all at the same prices as last week. It's a bumper time for brassicas with plenty of cabbage at 20-30p a lb (20-30p) and Brussels sprouts at 20-35p (20-35p). Chinese leaves at 80-90p a head (80-90p) are this week's best salad buy. Tomatoes at 35-60p a lb (60p-£1.00) are great value and celery at 40-65p a head is in good supply.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 16,300 tonne
Cash	1462-5	1467-9		1464-5		
3 months	1489-90	1478-9	1495/1488	1489-90	1490-2	37,831 lots
Copper, Grade A (£ per tonne)						Ring turnover 43,100 tonne
Cash	1443-4	1420-2	1457/1443	1456.5-7.5		
3 months	1432-3	1415-6	1450/1430	1448-9	1435-6	67,985 lots
Lead (£ per tonne)						Ring turnover 17,875 tonne
Cash	510-5	485-8	527/524	506-15		
3 months	439-40	434-5	444/437	444.5-6	437-8	10,179 lots
Nickel ($ per tonne)						Ring turnover 1,140 tonne
Cash	7390-400	7180-200	7400/7240	7230-40		
3 months	7350-75	7180-5	7400/7225	7200-25	7375-400	6,899 lots
Tin ($ per tonne)						Ring turnover 190 tonne
Cash	6240-50	6205-15		6220-30		
3 months	6370-5	6335-40	6400/6350	6350-60	6375-85	4,934 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 12,675 tonne
Cash	1452-7	1430-5	1468/1465	1465-6		
3 months	1438-40	1423-5	1455/1438	1450-1	1440-2	16,313 lots
Zinc ($ per tonne)						Ring turnover 0 tonne
Cash	1455-65	1435-45		1460-70		
March 30	1435-45	1410-30		1440-50		595 lots

LME Closing £/$ rate:
SPOT: 1.7145 | 3 months: 1.6867 | 6 months: 1.6626 | 9 months: 1.6379

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	188.0	184.5	189.5 183.5
May	224.0	211.5	223.8 211.0
Apr	140.0		138.0

Turnover 340 (235) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Apr	125.00	127.00	127.00 125.00
Jun	122.00	125.00	122.50 122.00
Oct	124.00		124.00

Turnover 240 (74) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Feb	1598	1602	1600 1595
Mar	1643	1643	1643 1633
Apr	1655	1650	1655 1642
Jul	1383	1388	1386 1383
Oct	1490	1493	1495
BFI	1591	1591	

Turnover 296 (366)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Mar	111.00	111.75	112.65 112.00
May	115.00	115.15	115.90 115.00
Jun	117.20		117.90
Barley	**Close**	**Previous**	**High/Low**
Mar	104.80	104.75	105.15 105.00
May	107.40	107.30	107.70 107.40

Turnover: Wheat 146 (138), Barley 27 (95).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	121.0		120.6 120.5
Jun	121.5	121.5	121.5 121.0

Turnover 21 (87) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	$417\frac{1}{2}$-418	$243\frac{1}{2}$-244
Opening	418-$418\frac{1}{2}$	244-$244\frac{1}{2}$
Morning fix	418.00	243.917
Afternoon fix	417.85	244.068
Day's high	$418\frac{1}{4}$-$418\frac{3}{4}$	
Day's low	$416\frac{1}{2}$-417	
Coins	**$ price**	**£ equivalent**
Mapleleaf	430-435	251-254
Britannia	430-435	251-254
US Eagle	430-435	251-254
Angel	430-435	251-254
Krugerrand	417-420	243-245
New Sov.	98-99	57-58
Old Sov.	98-99	57-58
Noble Plat	532.20-540.60	310.85-315.75
Silver fix	**p/fine oz**	**US cts equiv**
Spot	308.45	528.50
3 months	319.95	539.30
6 months	331.55	550.55
12 months	354.50	573.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1400	91	106	3	18
1500	23	47	36	57
1600	2	16	112	124
Copper (Grade A)	**Calls**		**Puts**	
2350	182	139	7	59
2450	51	82	35	106
2550	14	46	97	166
Coffee	**May**	**Jul**	**May**	**Jul**
600	46	60	19	24
670	22	34	45	48
700	9	60	62	82
Cocoa	**May**	**Jul**	**May**	**Jul**
600	54	71	7	11
650	23	39	26	29
700	7	19	60	58
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900			17	41
1950		33		
2000				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	415.7	418.0	418.6	415.3
Mar	416.3	418.8	0	0
Apr	418.9	421.5	422.4	416.0
Jun	424.7	427.3	428.1	422.7
Aug	430.1	432.7	432.2	430.5
Oct	435.4	438.0	436.5	435.5
Dec	440.8	443.4	443.3	440.8
Feb	446.6	449.1	448.0	447.5
Apr	451.8	454.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	520.1	524.8	0	0
Apr	526.1	530.6	531.0	525.0
Jul	531.5	535.1	534.0	531.0
Oct	536.8	540.6	539.5	536.0
Jan	543.1	546.1	545.5	544.0
Apr	548.4	551.6	550.0	550.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	525.8	527.2	526.0	526.0
Mar	528.5	529.0	530.0	523.0
Apr	532.8	534.0	0	0
May	538.4	538.8	538.5	536.0
Jul	544.1	545.5	543.5	543.0
Sep	552.7	553.7	554.5	552.0
Dec	564.6	565.7	566.0	563.0
Jan	568.2	569.2	0	0
Mar	576.8	578.0	580.0	576.0
May	585.1	586.4	587.0	587.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	115.20	115.25	115.30	114.80
Mar	114.80	114.90	115.30	114.00
Apr	111.20	110.60	110.50	110.30
May	108.45	108.60	109.30	107.00
Jun	107.20	107.30	0	0
Jul	105.90	106.20	105.80	105.60
Aug	104.50	104.90	0	0
Sep	103.20	103.40	102.30	101.80
Oct	102.60	102.30	0	0
Nov	101.20	101.20	0	0
Dec	100.60	100.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	21.70	21.74	21.87	21.62
May	21.59	21.60	21.62	21.50
Jun	21.48	21.50	21.62	21.44
Jul	21.21	21.28	21.28	21.12
Aug	20.95	20.95	21.04	20.90
Nov	20.80	20.80	20.85	20.60
Dec	20.65	20.63	20.65	20.60
Jan	20.51	20.51	20.55	20.52

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 22	Feb 21	mnth ago	yr ago
1825.4	1807.5	1794.0	1957.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 21	Feb 20	mnth ago	yr ago
Spot	130.57	130.05	127.06	135.83
Futures	132.75	132.31	129.74	136.88

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5790	5753	5850	5760
Apr	5690	5675	5770	5580
May	5575	5560	5645	5575
Jun	5475	5464	5530	5475
Jul	5470	5444	5510	5460
Aug	5525	5496	5560	5515
Sep	5627	5590	5640	5630
Nov	5760	5724	5760	5760

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1045	1046	1051	1022
May	1038	1035	1040	1021
Jul	1040	1041	1040	1028
Sep	1058	1051	1058	1045
Dec	1085	1078	1085	1066
Mar	1095	1100	1100	1089
May	1113	1110	1110	1103
Jul	1133	1127	1133	1123

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	91.16	89.64	91.40	88.60
May	93.28	91.51	93.40	90.55
Jul	94.54	93.20	94.75	92.00
Sep	95.67	94.72	96.00	93.60
Dec	97.05	96.50	97.50	96.00
Mar	100.28	98.00	98.25	98.50
May	100.50	100.50	101.00	0
Jul	101.00	100.93	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.73	14.57	14.78	14.38
May	14.65	14.54	14.69	14.45
Jul	14.70	14.48	14.72	14.33
Oct	14.32	14.14	14.35	13.97
Mar	13.60	13.34	13.62	13.28
May	13.48	13.35	0	0
Jul	13.33	13.22	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	68.60	68.20	68.80	68.60
May	70.47	70.99	71.30	70.40
Jul	71.14	71.44	71.44	70.70
Oct	67.10	67.10	67.25	66.90
Dec	65.90	65.90	66.00	65.61
Mar	66.30	66.45	66.30	66.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	198.20	201.05	202.25	196.50
May	194.25	195.10	196.00	192.80
Jul	191.75	194.30	195.00	191.50
Sep	187.65	190.10	190.50	188.10
Nov	185.35	184.25	185.00	184.00
Jan	182.45	181.55	182.50	181.65
Mar	181.85	181.85	181.55	0
May	181.85	181.55	0	0
Jul	181.85	181.55	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	568/0	571/0	571/4	567/4
May	580/2	583/2	583/4	579/6
Jul	591/2	594/0	594/6	591/0
Aug	594/2	596/6	597/6	594/0
Sep	592/4	594/4	595/4	592/4
Nov	597/4	598/2	599/0	596/4
Jan	607/4	607/4	610/0	607/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.52	20.42	20.71	20.38
May	20.86	20.80	20.92	20.61
Jul	21.05	20.77	21.05	20.71
Aug	20.70	20.67	20.80	20.62
Sep	20.55	20.50	20.66	20.50
Oct	20.35	20.32	20.35	20.35
Dec	20.37	20.23	20.57	20.20
Jan	20.30	20.20	20.35	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	164.0	165.0	165.0	163.5
May	167.5	169.0	169.0	167.3
Jul	171.5	173.2	173.0	171.5
Aug	173.2	174.8	174.3	173.2
Sep	173.5	175.5	175.0	173.5
Oct	176.6	178.0	177.5	176.6
Dec	178.8	180.9	180.5	178.8
Jan	181.0	181.7	181.0	181.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	245/0	245/0	245/6	242/0
May	252/4	250/0	254/4	248/6
Jul	256/6	255/6	258/4	252/6
Sep	255/2	252/6	256/2	252/6
Dec	253/2	250/2	255/0	250/6
Mar	259/2	256/4	260/0	256/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	389/4	384/4	390/0	384/4
May	366/2	364/4	366/0	362/4
Jul	345/2	344/4	346/4	341/4
Sep	346/0	346/2	349/4	346/0
Dec	353/0	352/4	355/0	351/0
Mar	370/4	370/2	372/4	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	75.55	75.62	75.80	75.12
Jun	73.85	73.42	73.95	73.25
Aug	70.27	69.92	70.50	69.85
Oct	70.72	70.87	70.72	70.50
Dec	72.20	72.27	72.32	72.05
Feb	72.97	72.87	72.97	72.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	48.65	47.92	48.95	47.80
Jun	54.20	53.50	54.37	53.22
Jul	53.62	53.05	53.80	53.25
Aug	52.00	51.82	52.20	51.60
Oct	47.07	46.80	47.15	46.70
Dec	47.90	47.20	47.50	47.25
Feb	47.62	47.30	47.75	47.60

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	54.15	52.15	54.15	52.15
May	55.47	53.47	55.47	53.50
Jul	55.77	53.77	55.77	53.55
Aug	53.75	51.76	53.75	52.20
Feb	58.60	56.60	56.60	[illegible]

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LONDON STOCK EXCHANGE

New account buying helps equities

A much calmer performance by international bond and equity markets, after the considerable turbulence earlier in the week, saw the three-day bout of weakness in UK equities arrested and the market take a tentative step forward.

The FT-SE 100-share index, having sustained a 66.2 drop over the previous three sessions, made slow but steady progress following a difficult morning session to end the day 9.5 ahead at 2,269.2, aided in late trading by buying for the new account.

Helping a relatively smooth performance by share prices was a series of encouraging company news items as well as a successful share placing, and a good opening performance by Wall Street.

Account Dealing Dates		
*First Dealings:		
Feb 12	Feb 26	Mar 12
Option Declarations:		
Feb 22	Mar 8	Mar 22
Last Dealings:		
Feb 23	Mar 9	Mar 23
Account Day:		
Mar 5	Mar 19	Apr 2

*New time dealings may take place from 9.00 am two business days earlier.

But there remained some doubts in dealers' minds after news that the Government expects inflation to rise further this year, and that interest rates are not expected to come down before the year end. Yesterday brought news that more bulding societies, including the Halifax, the UK's biggest home loan lender, had increased its rate to 15.4 per cent.

Share prices opened with the Footsie stocks showing widespread small improvements as marketmakers responded to the overnight rise on Wall Street and paid more heed to Tokyo's closing gain rather than to that market's volaltile performance.

The early London strength soon gave way, however, as investors lost their nerve ahead of fourth quarter results from ICI, still regarded as a classic measure of business performance and confidence in UK industry. Ahead of the ICI figures the Footsie was showing a 8.2 decline – the day's lowest level. In the event ICI's results, with record profits,said by dealers to be in line with most analysts' expectations, were given a good reception by the market. although dipping back later in the session.

Earlier, Midland Bank delivered their preliminary results which included £877m-worth of exceptional items, the bulk of which was for third world debt. Mr Robert Law at Shearson Lehman Hutton described the figures as "disappointing" and said the market was more concerned about how the bank's relationship with Hongkong & Shanghai Banking will be resolved.

A buzz of excitement permeated the market in mid-morning when hints of a big share placing put dealers in stocks such as Enterprise Oil, Scottish & Newcastle and Ranks Hovis McDougall on alert.

The placing turned out to be a much smaller and unrelated affair; in a smoothly carried out operation, 10m shares in Racal Electronics were placed in the market by Smith New Court.

Turnover continued to cause dismay among dealers, once again failing to top the 400m mark; yesterday's figure was 396m shares.

ICI profits under scrutiny

Long regarded as the bellwether stock of the London market, ICI was a main feature after reporting pre-tax profits of £1.53bn, up 4 per cent on the previous year. The shares had traded nervously ahead of the announcement but moved swiftly ahead afterwards to touch 1050p.

Closer examination of the figures, however, aroused controversy. Some in the market preferred to concentrate on the setback in fourth quarter profits while others looked to the chairman's confident statement. The upshot was volatility in in the shares which settled at 1041p, up 14, as turnover expanded to 3.2m.

Mr Tony Cox at Kleinwort Benson said the results show "an excellent performance in pharmaceuticals and agrochemicals" but overall, he continued, "these figures are not inspiring and taking out the £50m of one offs in the final quarter, are below expectations." Kleinwort has trimmed its 1990 forecast of group profits from £1.43bn to around £1.4bn.

The team at at Smith New Court, Mr Charles Lambert and Mr Philip Morrish, thought the figures "better than expected but should be taken with a health warning." They said the shares were "unlikely to outperform for another quarter or so" and are sticking to their original forecast for 1990 of £1.39bn. Mr Andrew Benson of Robert Fleming is more optimistic. He sees no reason to alter his estimate of £1.49bn and regards the shares as "fundamentally too cheap."

Racal placing

Racal Electronics commanded attention as turnover expanded sharply and the price rose on the later morning announcement that the company had bought 20 per cent of Satellite Information Services, which provides satellite-distributed TV and data communications services, including televised racing to UK betting shops.

Soon after the 10.30am release of ICI's annual results the market was agitated by whispers of an impending large share placing. Thoughts immediately turned to Enterprise Oil because speculation has been present for some time that the 25 per cent stake held by ICI was up for sale. Only when it became clear that the placing concerned Racal Electronics did the market regain composure.

Smith New Court placed 10.06m shares of the UK electronics group at 221p a share, having paid £22m (around 219p a share) for cash settlement to the persons acquiring the stock from Racal in exchange for 20 per cent of SIS. Some 15m Racal shares, finally up only a penny at 223p, had been traded by the market close. Mr Tim Hirst at Smith New Court was pleased with the immediate take up of the placing and described Racal's acquisition of the SIS stake as, "another string to their bow."

Midland volatile

Midland Bank shares reversed early falls despite producing full-year figures that disappointed most analysts. The bank posted a loss of £261m against the previous profit of £693m.

Analysts said that the demand had come from speculative investors hoping for a positive conclusion to the long-running story of a merger with Hongkong and Shanghai Bank. "There isn't any way you can recommend this stock on fundamentals," said Mr John Aitken of County.

Mr Peter Toeman at UBS Phillips & Drew said that among the worrying factors in the figures was a lower than expected debt provision and that UK costs were not yet under control. "A rise of 19 per cent is quite excessive," he said.

The shares had been 10 down ahead of the announcement but the speculative interest combined with the wider improvement in equity prices to leave Midland 4 higher on balance at 351p. Turnover was a busy 5m shares.

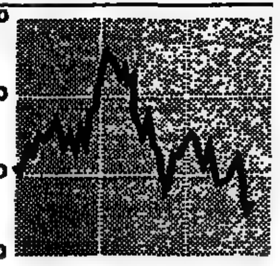
Internationally quoted stocks firmed across the board with Wall Street. The outstanding performer was Reuters which climbed 16 to 1036p on exceptionally high turnover of 1.7m shares.

Some dealers spoke of possible expansion into Japan while others argued that the shares had been falling towards £10, a point at which institutions were known to be keen on moving in.

Harrisons & Crosfield firmed 3 to 146p as dealers spoke of an imminent buy circular from a specialist in overseas traders.

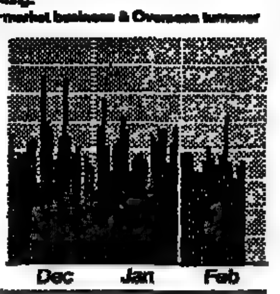
Composite insurers had a good day after the suspension on the Paris stockmarket of shares in UAP, a company often mentioned as being keen on making acquisitions in the UK. Commercial Union added 4 at 492p, Royal Insurance climbed 7 to 505p, General Accident firmed 5 to 1133 and Sun Alliance closed at 312p, 2 dearer. Analysts said there was some buying interest ahead of the results season which starts next week.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



British and Commonwealth steadied after recent sharp falls which had been overdone, according to James Capel. Analysts there changed their recommendation on the stock from sell to speculative buy and the shares closed 3 firmer at 57p as 11m changed hands. In the traded options market, B and C was the business contract, with the equivalent of more than 1.8m shares changing hands. "This is clearly a risky investment," added Capel.

BTR a dull market of late, climbed 5 to 406p with 2.8m shares changing hands. The story doing the rounds was that BTR was about to create a US vehicle similar to its successful Australian subsidiary BTR Nylex by acquiring KKR's 15 per cent stake in US-quoted Owens Corning Fibreglass.

A day of subdued business produced few notable changes in the building sector. Construction issues moved irregularly with Tilbury gaining 8 further to 643p but Taylor Woodrow losing to 271p; the latter's preliminary figures are due on April 4. Alfred McAlpine awaiting results – the interim statement is scheduled for Tuesday – was another stock to weaken and closed 5 down at 329p.

George Wimpey edged forward to 238p, assisted by the launching of a joint venture with the newly-privatised Wessex Water for a water and sewage treatment project. In contrast, NSM dropped 8 to 96p following the call on shareholders, through a rights issue, for funds totalling £49m net. The company plans investment in coal operations and also intends to establish a comprehensive waste management business in both the UK and the US.

The oil and gas areas of the market were mixed and disappointing, according to dealers who said that most analysts and traders were looking to leave early to attend the Institute of Petroleum annual dinner.

Shell dropped to 465p at one point after comment on the fourth quarter figures, but subsequently rallied to close unchanged on balance at 470p after keen turnover of 5.4m.

BP, still drawing strength from switching operations out of Shell, managed a minor gain at 341p, after turnover of 7.8m.

British Gas closed marginally easier at 219p on turnover of 6.6m, despite news that gas prices and charges are being increased by 7.5 per cent – in line with inflation. But as one dealer put it; "The news will serve to remind people that Gas is virtually inflation proof."

LASMO staged a late run, closing 5 firmer at 532p, still boosted by talk of a substantial oil discovery in the Westray well. Aviva Petroleum edged up a penny to 36¾p after Smith New Court, the company's broker, issued a buy recommendation on the stock.

County NatWest published a buy recommendation on Whitbread after recent visits to the company. "The shares should be sitting at a 15 per cent discount to the market rather than 30 per cent," said Mr Geoff Collier at County. At 15 per cent, Whitbread would be worth 460p a share. Yesterday the "A" shares closed 5 better at 384p as 1m changed hands.

In an otherwise dull stores sector Next, once again stood out. The shares climbed 4 to 107p on good turnover of 1.9m, still on vague bid talk.

Bargain hunters moved in for BICC after the previous day's fall on a Kleinwort Benson downgrading and the shares rebounded 7 to 408p.

Continued speculation that STC's major shareholder Northern Telecom, of Canada, was prepared to dispose of its 27½ per cent holding and that Sun Microsystems, of the US, might buy 25 per cent of ICL, an STC subsidiary, lifted STC shares 8 further to 265p. A healthy 4.9m shares were traded.

Healthy US buying was reported in British Steel. The shares closed a penny up at 133p with 7.8m shares traded.

Bargain hunters helped British Aerospace remain steady as the shares closed at 502p, unchanged on the day. Smith Industries added 7 to 234p with UBS Phillips & Drew said to have been in the market shopping for stock.

Talk of a bid for Kwik-Fit from Continental AG, the West German tyre maker with a 13 per cent stake continued to fade after Tuesday's announcement that Continental was to buy National Tyre Service of the UK for £143m. Kwik-Fit shares gave up another 6 to 92p.

Asda weakened as Kleinwort Benson lowered its estimates for 1990 to £173m, down £2m from a previous forecast. The 1991 figures were £180m against £190m. Kleinwort said Asda was significantly more risky than any other stock in the sector. "The leveraged-bidmongers are in retreat, and recovery in Asda's non-food interests now looks more distant," the report said. Asda ended a penny lower at 106p.

Budgens eased a penny to 92p as dealers continued to speculate about the heavy turnover on Wednesday. Some suggested that William Low may have placed its less-than 2 per cent stake. Low closed unchanged at 312p.

Many of the chemicals stocks were lifted by sentiment surrounding ICI. Allied Colloids added 7 to 155p while BOC put on 6 to 521p. Cookson, with large chemicals interests gained from the sentiment and bounced from recent falls to add 8 to 234p. The market continued to appreciate Yorkshire Chemicals' full year results released the previous day and the shares added 5 to 379p.

TVS fell steeply in late trading as the market picked up stories that the company's efforts to sell a 49 per cent stake in it US production house MTM were foundering. The shares fell 22 to 98p. TVS said in January it would seek a buyer of the stake which, analysts say, it must do probably by the end of the summer to be able to mount a competitive attempt to retain its franchise next year. "But anyone seriously interested in MTM would not be satisfied with a minority holding," said one analyst.

A big US seller of Saatchi and Saatchi was said to have been behind the stock's slide of 20 to 182p. Turnover was unusually high at 4.7m shares. "People are studying the recent report and accounts and not liking what they're seeing," explained a marketmaker. The price of Saatchi's convertible bond also fell steeply, closing 9 lower at £78. A single securities house was said to have been selling both the convertible and the equity.

United Newspapers bounced after a steady fall in recent weeks to end 5 higher at 370p. Light selling of Emap revealed a market adequated supplied with stock and the price shed 7 to 214p. Advertising agency VPI fell 9 to 17p in the wake of a profits warning and attempted share placing.

Wessex Water was buoyed by news that a joint company had been created with Wimpey. Wessex was unchanged at 182p. South West was steady at 189p on the announcement of higher charges. One dealer said the news had been expected by the market. Thames was up 1¼ at 166½p as Smith New Court turned positive after meeting the company. Severn Trent eased 1¼ to 152½p, while Welsh Water eased 2 to 188p, North West lost a penny to 170p, Southern was steady at 165p, and the Water Package gained 2 to £1708.

Other Market statistics, including the FT-Actuaries share index and recent issues (including the water issue stocks), Page 36.

FINANCIAL TIMES STOCK INDICES

	Feb 22	Feb 21	Feb 20	Feb 19	Feb 16	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	79.91	80.00	79.87	79.89	80.48	86.13	89.29 (8/2/89)	79.87 (20/2/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.85	90.40	90.75	90.84	90.77	98.41	99.59 (15/3/89)	89.65 (22/2/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1789.8	1783.8	1799.0	1813.5	1836.6	1660.7	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	303.3	310.5	307.0	302.6	298.4	163.6	378.5 (6/2/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2269.2	2259.7	2277.0	2297.1	2325.9	2016.6	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.67	4.85	4.92	4.77	4.70	4.49				
Earning Yld %(full)	11.57	11.72	11.89	11.60	11.45	11.03				
P/E Ratio(Net)(☆)	10.47	10.33	10.18	10.44	10.57	10.96				
SEAQ Bargains(5pm)	22,480	25,172	22,978	30,630	27,485	29,571				
Equity Turnover(£m)†	-	776.66	817.90	614.72	785.13	1477.88				
Equity Bargains†	-	24,517	23,135	25,712	26,883	32,691				
Shares Traded (ml)†	-	359.7	354.2	306.9	364.7	536.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.42

Ordinary Share Index, Hourly changes — Day's High 1789.9 — Day's Low 1775.4

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1782.6	1776.2	1786.3	1788.0	1788.5	1787.4	1786.8	1788.2

FT-SE, Hourly changes — Day's High 2269.2 — Day's Low 2251.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2261.7	2252.9	2262.6	2265.2	2265.3	2264.1	2264.5	2266.2

GILT EDGED ACTIVITY

Indices*	Feb 21	Feb 20
Gilt Edged Bargains	79.4	90.4
5—Day average	88.0	90.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	178	186		Comm. Union	551	492	+4	LASMO	891	532	+5	Shell Transport	5,400	470	
ASDA Group	3,400	106	−1	Cookson	622	234	+8	Lonrho	1,100	277		Slebe	38	424	+1
Abbey National	891	178		Courtaulds	1,100	377	−5	Lucas	751	575	−3	Slough Ests	39	302	+2
Allied-Lyons	835	464	−1	Dalgety	297	370	+4	MB Group	1,300	209	+1	Smith (W.H.) A	695	308	
Amstrad	887	54	+½	Dixons	408	130		MEPC	87	500		Smith & Nephew	3,300	115½	+1
Argyll Group	1,900	208		Eng. China Clays	2,100	394	+6	Marks & Spencer	1,300	204	+1	SmKl Beecham	1,400	520	+8
Ass. Brit. Foods	130	395	−2	Enterprise Oil	551	628	−2	Maxwell Comm.	350	199	+1	SmKl Beecham Units	10	2358	+25
BAA	128	384	+2	FKI	1,700	61	+1½	Mecca Leisure	274	149	+3	Smiths Inds.	940	234	+7
BAT Inds.	729	793	−1	Ferranti	2,400	38½	−½	Midland Bank	5,000	351	+4	Standard Chartd.	540	588	
BET	1,300	238	+2	Fisons	2,300	328		NatWest Bank	5,500	349	+4	Storehouse	251	119	
BICC	1,400	408	+7	Gen. Accident	65	1133	+5	Next	1,900	107	+4	Sun Alliance	902	312	+2
BOC	531	521	+6	General Elect.	3,300	216	+2	Northern Foods	134	298	+2	Sun Life	6	1280	−3
BPB Inds.	919	227	+1	Glaxo	1,900	712	+4	Pearson	308	899	+4	T&N	584	195	−3
BTR	2,800	406	+5	[illegible]	500	172½	−3	P & O	1,200	620	+4	TI Group	197	423	+3
Barclays	1,600	558	+3	Glynwed Int.	53	226		Pilkington	683	213	+1	TSB	957	136	+1
Bass	87	972		Granada	963	312	+1	Polly Peck Intl.	1,000	397	−1	Tarmac	1,200	219	
Beazer	1,300	147	+1	Grand Met.	1,100	579		Prudential	1,100	210	+2	Tate & Lyle	2,075	306	+1
Berisford Int.	592	108	−6	GUS A	133	1018	+6	RHM	202	397	−5	Taylor Woodrow	213	271	−4
Blue Arrow	449	85½	−½	GRE	271	240		RMC	412	609	−1	Tesco	3,000	198½	+½
Blue Circle	643	228	−2	GKN	782	390	−1	RTZ	1,100	523	+2	Thames Water	670	166½	+1¼
Boots	1,600	270	−1	Guinness	772	882	−2	Racal	14,000	223	+1	THORN EMI	605	722	−2
Brit. & Comm.	11,000	57	+3	Hammerson 'A'	73	748	−5	Racal Telecom	548	361	+1	Trafalgar House	785	327	−1
Brit. Aerospace	749	502		Hanson	2,700	223½	+1	Rank Org.	110	779	+6	Trusthouse Forte	394	282	+1
British Airways	678	198	+1½	Hanson Warrants	294	58	+1	Reckitt & Colman	86	1131	+2	Ultramar	389	368	+1
British Gas	6,700	219	−½	Harrisons Cros.	884	146	+3	Redland	326	536		Unigate	878	285	−1
British Land	94	360	−1	Hawker Sidd.	92	620	+1	Reed Intl.	570	415	+1	Unilever	440	630	
BP	9,100	341	+2	Hillsdown	488	261	+1	Reuters	1,700	1036	+16	United Biscuits	1,500	332	−2
British Steel	7,800	133	+1½	IMI	223	209	+5	Rolls Royce	1,400	189	+1½	Utd. Newspapers	889	370	+5
British Telecom	5,500	295	+1½	ICI	3,200	1041	+14	Rothmans	199	625	+6	Wellcome	11	682	+2
Bunzl	1,200	166	+1	Inchcape	185	289		Ryl Bk Scotland	1,000	191	+1	Whitbread 'A'	1,000	384	+5
Burmah Oil	463	633	−5	Kingfisher	12	390	+2	Royal Insurance	613	505	+7	Williams Hldgs.	551	297	−1
Burton	5,200	181		Ladbroke	864	292	+1	STC	4,900	265	+8	Willis Faber	591	257	
Cable & Wire.	1,700	529	+6	Land Securities	872	469	−1	Saatchi	4,700	182	−20	Wimpey	419	238	+1
Cadburys	1,200	321	+1	Laporte	108	509	+1	Sainsbury	1,300	260					
Calor Group	259	341	−2	Legal & General	153	369	+4	Scottish & New.	330	314	−5				
Carlton Comms.	208	765	+2	Lloyds Abbey	1,309	320		Sears	1,300	109					
Coats Viyella	1,100	132		Lloyds Bank	3,200	295	+5	Sedgwick	158	282	−1				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (9).
BRITISH FUNDS (2) ELECTRICALS (1) INDUSTRIALS (1) Barla Hldgs., INSURANCE (1) MOTORS (1) SHOES (1).
NEW LOWS (118).
BRITISH FUNDS (2) CORPORATION LOANS (4) FOREIGN BONDS (2) AMERICANS (4) BANKS (4) BREWERS (2) BUILDINGS (4) CHEMICALS (3) STORES (8) ELECTRICALS (8) ENGINEERING (2) FOODS (8) INDUSTRIALS (14) Allied Partnership, Bear Brand, De la Rue, Hawthorn Leslie, Johnson Matthey, Lilley (FJC), Mayflower, Norton, Raxmore, Sale Tilney, Smith & Nephew, Stainless Metalcraft, Stonehill, Tribble Harris, Whitecroft. INSURANCE (1) LEISURE (6) MOTORS (4) NEWSPAPERS (2) PAPERS (6) PROPERTY (12) TEXTILES (3) TRUSTS (12) OILS (8) THIRD MARKET (5).

APPOINTMENTS

Changes at Apple Computer

■ APPLE COMPUTER is promoting its UK managing director, Mr Phil Chauveau, to a new European-wide role later in the year. Mr Chauveau, a vice president of Apple Computer Inc and UK managing director since 1988, will take up the job of vice president and general manager during the summer. He will be responsible for Austria, Belgium, Denmark, Holland, Ireland, Norway, Spain, Sweden, Switzerland and Eastern European operations.

■ AMBRIT INTERNATIONAL has appointed Mr Graeme Thomson, company secretary, to the board as an executive director. He is president of AmBrit Energy Corp, a US operating subsidiary.

■ COUNTY NATWEST VENTURES has appointed Mr David Martin as local director in Leeds. He was investment director, 3i City office, and succeeds Mr Graham Dewhirst who has moved to London headquarters.

■ BRITISH & COMMONWEALTH MERCHANT BANK has appointed Mr Robin Holliday, a director, as head of banking. Mr Alan Montagu is promoted to assistant director.

■ Mr Clive Strowger has become a non-executive director of HUNTER SAPHIR. Over the last three years he has been the group finance director of Grand Metropolitan.

■ LAWSON MARDON has appointed Miss B.A. Sault as financial director, LMG Cambridge (previously known as MFP Melbourn).

Mr Jim Hughes (above) deputy managing director with responsibility for sales and marketing at NGK Spark Plugs (UK), has been made a board director of NGK EUROPE. He will continue in his role in the UK, with the additional responsibility of advising on the implementation of the European strategy.

■ PERSIMMON has made the following changes in the management of its operating companies following the death of deputy managing director Mr Anthony Fawcett.

Mr Michael Allen becomes chairman of the Yorkshire, North East and North West operations and continues as chairman of Persimmon Homes (Wessex).

Mr John White becomes chairman of Anglia and South East in addition to his role as managing director of the Midlands company. Former Midlands land director, Mr Steve Feneley, becomes deputy managing director, Persimmon Homes (Midlands).

Wessex managing director, Mr Michael Farley, who was appointed to the main board in 1989, also becomes chairman of the South West and Thames Valley companies.

■ TAKARE, a specialist in the provision of long term care for elderly, and continuing care patients, has appointed Mr Hamilton D. Austead as finance director designate. He was previously a senior manager with Price Waterhouse in Birmingham.

■ GENERAL PORTFOLIO GROUP has appointed the following directors: Mr Jean-Jacques Bonnaud, Mr Bertrand Belinguier, Mr Esme Howard, Mr Christian Strulovici and Mr Charles de Tinguy.

■ WATERGLADE INTERNATIONAL HOLDINGS has appointed Mr Robin Archer to the main board. He is managing director, industrial and business parks division. Mr David McGurk joins as group financial controller. He was financial controller, magazine division, News International. Mr Jim Green, senior investment surveyor, becomes a director of Waterglade Investments. Mr Jonathan Ashley has been appointed a director of Waterglade Project Management Services. He has been with the company for three years.

■ THE GUIDEHOUSE GROUP has appointed Mr Trevor Dartford to the main board. He is responsible for asset finance and lease broking.

■ Mr Naoki Seki has been appointed managing director of YAMAICHI BANK (UK) from March 1. The company is a subsidiary of Yamaichi Securities Co, Tokyo.

■ ESTATES & GENERAL INVESTMENTS has appointed Ms Karen Longman to the board of Estates & General Properties; and Mr Robert Taylor and Mr Stephen Lewis have been appointed to the board of Estates & General Developments.

■ Mr Jim Kavanagh, sales and marketing director of INDUSTRIAL CLEANING PAPERS, Church Stretton, Salop, has additionally been appointed managing director. Mr Graham Hebblethwaite becomes deputy chairman, responsible for finance; and Mr James Peto is made manufacturing director.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1989/90 High	1989/90 Low	Stock	Price £	+ or −	(1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing [illegible] 3.945. RPI for June 1989: 115.4 and for January 1990: 119.5.

INT. BANK AND O'SEAS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Div. %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
913p	393p	California Engy	844p	+3	—	—	—
[illegible]	[illegible]	Campbell Soup 15c	[illegible]	[illegible]	$1.00	—	2.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1989/90 High	1989/90 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ $A1	256	+4	44c	1.4	7.8	9.1
191	134	Abbey National 10p	176	....	L7.7	2.7	5.8	7.2
*282	120½	Allied Irish Ord	248	+4	‡‡Q68%	3.3	3.2	12.8
£13½	£11½	Algemene Fl 10	£11½	−⅛	Q28%	2.0	7.9	6.3
*85	61	Anglo Irish	80	....	Q18.7%	2.7	5.5	10.9
81	57	Ansbacher (H.) 1p	74	+1	2.0	−	3.6	−
£72¼	£38¼	Bancaire Cie Fr100	£52¾	+1⅝	‡Q12¼%	−	2.5	−
£46½	£35½	Banco Bilbao Viz	£38	−½	Q35.7%	2.0	3.6	13.9
£33	£25¾	Banco de Santander	£25¾	....	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	259	+5	‡‡Q21.3%	3.2	4.5	8.9
£19½	£17½	Bank Leumi	£19½	....	−	−	−	−
350	345	Bank Leumi (U.K.)	345	....	†13.5	−	5.2	−
125	88	Bank Scotland	117	−1	†3.8	3.6	4.3	8.4
111¼	95½	Do 9¼pc Irrd Pf	96¼	−½	9¼%	−	12.8	−
*67	49	Bank of Wales	52	....	2.8	1.6	7.2	10.9
*588	404	Barclays £1	554	+3	†23.0	3.5	5.5	6.3
31	19	Benchmark 20p	19	−1	1.63	1.0	11.4	10.9
363	285	Brown Shipley £1	310	....	†10.5	−	4.5	−
455	325	Cater Allen £1	413	....	23.5	−	7.6	−
259	157	Chancery	169	−3	†8.0	2.8	6.3	7.4
£23¼	£14½	Commerzbk DM10	£20⅝	....	Q18%	−	3.2	−
*£29	£22¾	C'hgn Hbk. Kr100	£24½	−⅜	Q15%	−	5.9	−
£16¾	£10¼	Dai Ichi KBk Y50	£11¼	−⅜	†Q16%	8.8	0.3	37.8
*£310½	£151¼	Deutsche Bk DM50	£274xr	+2½	Q24%	−	1.6	−
£22¼	£17⅝	Espirito Santo	£19½	....	Q75c	3.3	2.4	13.0
260	182	First Nat. Fin. 10p	217	+1	13.0	2.4	8.0	6.7
134	90	FNFC 6.3pc Cv Pf	111	+3	6.3%	−	7.6	−
£16½	£13½	Fuji Bank Y50	£13⅝	....	Q15.6%	4.2	0.2	−
325	230	Gerrard & National	278	....	18.5	−	8.9	−
154	118	Guinness Mahon 10p	153	....	‡2.1	−	1.8	−
328	197	Hambros 20p	309	+1	†10.0	−	4.3	−
128	90	Do. 7.5pc Cv Pf	124	....	7½%	−	8.1	−
60	39	HK & Shang. HK$2.50	55½	+2	HQ36c	−	5.0	−
495	423	Joseph (Leo) £1	478	....	15.85	−	4.4	−
145	115	King & Shaxson 20p	141	....	9.25	−	8.7	−
422	277	Kleinwort Benson Grp	403	....	14.0	−	4.6	−
307½	213	Lloyds £1	296	+3	†b11.2	4.5	5.0	5.9
56	40	Lon. Scot. Bank 10p	51	....	2.4	1.8	6.3	10.7
406	287	Midland £1	351	+4	18.0	q2.6	7.1	7.3
£15¼	£11½	Mitsubishi Bank Y50	£11⅝	+⅛	†Q16%	8.1	0.3	42.7
£14¼	£9¾	Mitsubishi Tst & Bk Y50	£9¾	....	Q16%	8.2	0.3	35.4
934	715	Mitsui Tst & Bk Y50	734	+21	Q16%	7.1	0.5	30.9
*353	269	Nat Aust. Bk. A$1	291	+7	sQ50c	1.6	7.8	8.0
365	255	NatWest £1	349	+4	16.7	q3.2	6.6	6.1
£220	£160	Ottoman Bank	£210	....	Q90%	−	4.3	−
83	46	Rea Bros. Group	46	....	0.5	−	1.4	−
*240	155	Rothschild (J) Hldgs	193	+1	†9.5	3.6	6.6	5.5
227	139	Royal Bk. Scotland	191	+1	7.2	3.8	5.0	6.7
822	602	Saitama Bank Y50	610	+8	†Q13%	4.7	0.4	47.6
*£13¼	£10¼	Sanwa Bank Y50	£10½	+⅛	†Q16%	8.3	0.3	37.2
1800	870	Schroders £1	1775	....	19.5	−	1.5	−
1425	655	Do. £1 N/V	1425	+10	19.5	−	1.8	−
£33½	£19¼	Sec. Pacific $10	£21¼	+⅛	Q$1.96	−	5.4	−
*616	449	Standard Chard. £1	588	....	33.9	2.9	7.7	5.1
£19½	£12¾	Sumitomo Bank Y50	£12¾	−⅜	†Q16%	7.5	0.3	49.8
£13½	£9¾	Sumitomo Tst & Bk Y50	£9¾	−⅛	†Q16%	8.1	0.4	34.7
147	97	TSB	136xd	+1	5.8	2.8	5.7	8.8
234	140	TSB Ch'nel Is'l	166	+1	Q6.7	3.5	4.0	8.3
£11½	£8¾	Tokai Bank Y50	£8¾	−⅛	Q16%	4.1	0.4	63.6
975	763	Toyo Tst & Bk Y50	811xr	+8	‡Q15.2%	6.9	0.4	34.6
611	470	Union Discount £1	565xd	....	33.0	−	7.8	−
525	277	Warburg (S.G.)	498	....	†12.5	−	3.3	−
180	98	Do 6pc Cm Prf	167	−1	6%	−	4.8	−
*284	226	Westpac $A1	249	+8	Q52.5c	1.5	9.5	6.8
468	406	Wintrust 20p	415xd	....	†7.8	−	2.5	−
1016	787	Yasuda Tst & Bk Y50	787	−4	‡Q17%	9.3	0.5	23.7

Hire Purchase, Leasing, etc.

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
345	224	Anglo Grp. 10p	248	....	†5.0	4.1	2.7	9.6
£190	£107½	Do. 9½pc 1999	£105½	....	Q9½%	−	9.0	−
*373	110	CLF Yeoman 50p	130	+2	‡Q4¼%	3.4	8.0	4.1
71	56	‡Cambridge Grp Ir5p	65	....	‡Q7½%	14.8	0.5	16.7
100	39	‡Capital Leasing Ir.10p	48	....	‡Q12%	♦	2.6	♦
78	51	Cattle's (Hldgs) 10p	62	....	†3.25	2.2	7.0	8.7
408	303	Prov. Financial	397	+5	20.5	♦	7.1	♦
235	100	‡Reflex Invs. Ir5p	220	....	Q26.4%	♦	0.6	♦
234	146	Secure Trust Grp. 1p	220	....	W7.09	1.5	4.3	11.1
208	127	Woodchester Ir20p	195	....	‡Q11½%	6.2	1.1	17.0

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS — Contd

ENGINEERING

ENGINEERING — Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) — Contd

INSURANCES

LEISURE

هكذا من الأصل

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MOTORS, AIRCRAFT TRADES

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£17¼	£9¾	DAF N.V. Fl1.5	£9¾	–⅛	H02.5	1.6	7.2	7.7
162	113	General Mtrs Units	126xd	+2	[illegible]	–	6.0	–
906	264	Jaguar α	849	...	+11.0	0.5	1.7	–
*61½	27	March Group 5p γ	40	–1	tqd0.64	–	‡	–
£207	£94½	Volkswagen DM50	£194	+4½	Q20%	2.8	1.7	20.6
£51½	£33½	Volvo Kr25	£36½	+1⅛	Q56%	3.1	3.7	9.1

Commercial Vehicles

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*505	228	ERF (Hldgs) γ	290	+2	15.0	3.7	6.7	4.1
*245	166	Plaxton Grp γ	166	...	H8.5	2.1	6.8	16.9

Components

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
438	375	Abbey Panels	438		3.5	10.8	1.1	11.6
290	185	Airflow Streamlines γ	225		6.0	4.2	3.6	9.0
208	143	Bostrom 5p γ	190	...	L5.1	10.6	3.6	9.2
299	197	Dowty 50p β	199	...	t8.0	2.3	5.4	10.4
261	173	FR Group β	173	–2	t5.54	3.7	4.3	8.5
*174	92	Kwik-Fit Hldgs. 10p β	92	–6	2.4	2.8	3.5	13.7
*725	509	Lucas Inds £1 α	576	–3	25.0	2.9	5.8	6.7
*62	14	Space 5p γ	15	–1	spl.2	0.4	‡	–

Garages and Distributors

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
48	25	Alexanders 10p γ	26	...	1.0	3.0	5.1	7.8
184½	104	Appleyard 10p β	128	...	t6.6	3.1	7.0	5.6
200	100	Bletchley Motor 20p γ	110	...	L7.5	3.2	9.1	4.6
600	485	Caffyns 50p β	550	...	11.5	0.4	2.8	–
146	88	Central Motor Auctns γ	116xd		3.25	3.0	3.7	11.7
195	38	Cook (D. C.) Hldgs. γ	56	–2	t1.33	–	‡	–
151	64	Cowie (T.) 5p β	64	–3	5.2	2.8	10.8	3.8
135	68	Dagenham Motors 10p γ	91	...	5.0	3.5	7.3	4.8
143	73	Davenport Vernon 10p γ	83	...	3.5	♦	5.6	♦
38	15	Equity & Gen 5p γ	21	...	t1.5	1.7	9.5	(7.5)
*340	185	Evans Halshaw β	232	...	t10.0	3.2	5.7	6.0
118	85	Gates (F.G.) β	96	...	t2.75	2.6	3.8	13.4
188	146	Gowrings 10p γ	158	...	H5.65	1.5	5.0	15.2
157	78	Hartwell α	156	...	+3.1	2.8	2.6	18.2
96	72	Jacks Wm. γ	81	+2	2.0	2.7	3.3	14.9
*198	97	Jessups γ	105	...	7.0	2.6	8.9	5.8
147	69	Lancaster γ	90	...	14.0	4.0	5.9	5.7
[illegible]								

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
111	89	Do. 7¼pc Pf. γ	90xd	...	7.25	–	10.7	–
*205	122	Egerton Trust γ	149	...	10.0	♦	9.4	♦
268	155	Embassy Prop Grp 10p γ	155	...	t2.2	8.3	2.0	6.1
141	85	Eng & O'seas Props 10p γ	90	...	4.5	♦	6.9	♦
280	175	Erostin Group γ	175	...	t6.0	3.8	4.6	7.6
350	300	Ests. & Agency	350	...	t5.0	1.6	1.9	44.3
231	168	Ests. & Gen 20p γ	168	...	t3.4	2.1	2.7	22.6
117	93	Do 6pc Cv Pf γ	95	+1	6.0	–	8.4	–
255	170	Evans of Leeds γ	213	...	t6.15	2.3	3.8	15.3
*133	70	Emart γ	75	+2	hl.88	2.3	3.3	16.5
83	54	Five Oaks Inns 5p γ	57	+1	1.6	5.4	3.7	5.7
205	149	Fletcher King 10p γ	148	...	10.6	2.0	9.5	6.9
170	96	F.S.M. Props 10p β	118xd	–1	t5.0	6.3	5.6	3.5
543	382	Frogmore Est 50p β	417	+2	11.0	2.4	3.5	15.3
456	285	Grainger Trust γ	298	...	5.25	4.7	2.4	11.7
352	270	Gt. Portland 50p β	282	–1	H9.0	1.2	4.3	25.5
£153	£92	Do 9½pc Cv Ln 2002 γ	£119	–1	Q9½%	–	8.0	–
169	120	Green Property Ir25p γ	130	–1	Q20.6%	♦	3.8	♦
580	394	Greycoat 10p β	416	...	t4.5	4.1	1.4	17.8
65	31	Hambro Countrywide 5p β	49	–1	t2.6	1.9	‡	9.5
959	720	Hammerson "A" α	740	–5	t17.0	1.9	3.1	19.3
188	93	Hanover Druce 10p γ	108	...	5.0	0.9	6.2	23.2
705	570	Hardanger Prop 10p γ	675	...	28.13	2.8	5.6	8.0
353	225	Helical Bar 5p β	252	...	t5.8	9.6	3.1	4.4
98	69	Do 5¼pc Cv Pf 12 γ	75	...	5¼%	–	9.3	–
216	143	Herring Son & Daw 10p γ	167	...	t4.0	3.2	3.2	12.2
98	55	HK Land Hldgs.	58	+2	t038c	1.3	5.0	15.8
*41	14	INOCO 10p β	14	...	φ0.23	5.4	2.2	11.8
*999	726	Int Inc Prty $0.01	993	+24	Q51.08	–	6.5	–
*320	225	Jermyn Invest	250	...	2.5	3.6	1.3	23.4
60	25	Key City Prop	30	...	–	–	–	–
670	419	Laing Properties α	666	...	t10.25	2.6	2.1	21.8
£315	£195	Do 8½pcLn 2000-05 γ	£315	+8½	Q8½%	22.4	2.8	–
619	456	Land Securities £1 α	489	–1	t14.4	1.5	3.9	22.1
£101½	£84	Do. 10pc 1st Mt Deb 2025 γ	£84½	–½	Q10%	–	11.9	–
£101½	£84½	Do 10pc 1st Db 2030 γ	£84½	–½	Q10%	–	11.9	–
670	423	Lend Lease 50c	585	+10	Q69c	1.9	5.4	9.9
£102½	£87½	LETINVEST 10½pc Deb 2012	£87½xd	...	Q10½%	–	11.7	–
173	116	Lond & Edinburgh 10p β	137	+7	t4.0	4.1	3.9	7.5
121	88	Do 6pc Conv Pref γ	108	+2	6.0	8.8	8.0	–
330	220	Do. 6½pc Cv Pf γ	255	...	6.5	22.9	3.4	–
197	118	Lndn & Murplue 5p β	135	+1	t6.2	3.1	6.1	7.0
*63½	35	Lon. Securities 15p γ	41	+2	t1.0	4.5	3.3	6.3
611	452	MEPC α	500	...	17.0	1.6	4.5	17.6
105	62	Markheath β	63	...	t5.0	2.7	10.9	4.4
72	39	Marylebone Ests 5p β	39	...	t3.0	2.3	10.3	6.3
272	158	McInerney 10p γ	165	...	Q83.3%	3.8	4.5	8.1
222	135	McKay Secs 20p γ	135	–5	t5.3	1.6	7.4	13.4
98	23	Merchant Manf. Ests γ	25	...	3.0	4.0	16.0	1.9
[illegible]								

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

For other Water Issues see London Recent Issues

OIL AND GAS

[illegible]

OIL AND GAS—Contd

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
36½	24¼	NZ Oil & Gas NZ$0.50	24¼	–2	–	–	–	–
*£18¼	£10	Norsk Hydro Kr20	£17½	+⅛	Q20%	♦	2.0	♦
30	19	North Sea Assets 5p γ	25½		–	–	–	–
£19½	£13½	Occidental Pet. 20c.	£16⅛	–⅛	Q$2.50	–	8.?	–
33	17	Ohio Res	27		–	–	–	–
56	23½	Oliver Res. γ	28½	+2½		–	–	–
5	2	Pan Pacific Pet.	2		–	–	–	–
£244	£173¼	Petrofina SA	£173¼	–5½	BFr416	♦	5.6	♦
9¾	5½	Petrogen Petroleum γ	7¼		♦	–	–	–
*126	94	Pict. Pet. 5p. γ	122	+2		–	–	–
121	58	Premier Cons 5p β	106			–	–	73.7
[illegible]								

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
247	69	Anglesey Mining 9p γ	165		–	–	–
166	18	Do. Warrants γ	95		–	–	–
32½	12	Anglo-Dominion	14		–	–	–
706	386	Bond Intl Gold	598		–	–	–
64	25	Butte Mining 10p γ	25	–1	–	–	–
50	19½	Colby Res Corp	25½	–2½	–	–	–
[illegible]							

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- © "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♡ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¶¶ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or –
Albany Inv 20p γ	81	–4
Craig & Rose £1 γ	830	...
Finlay Pkg. 5p γ	56	–2
Holt (Jos) 25p γ	1353	+3

IRISH

Stock	Price	+ or –
Exp. 8¾% Ln 1991	£96¼	
9pc Cap Ln. 1996	£91	+½
Fin. 13% 97/02	£109	+½
Arnotts	415	...
Carrol (P.J.) γ	155	..
Hall (R. & H.)	185	...
Helton Hldgs. γ	91xd	–7
IRG	210	...
United Drug	165	–3

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	41
Amstrad	6½
Aster (BSR)	5½
BAT	67
BOC Grp.	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	21
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	39
Nat West Bk.	23
P & O Dfd	31
Polly Peck	38
Racal Elect.	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Stock	p
Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm.	9
Premier	10½
Shell	37
Tuskar Res.	12
Ultramar	28½

Mines

Stock	p
Lonrho	23
RTZ	45

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

GUIDE TO UNIT TRUST PRICING

[illegible]

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Thornton Unit Managers Ltd (1000)F

33 Cavendish Sq., London W1M 7HF 01-493 7262

J. Rothschild Fund Managers Ltd

Barclays Life Assur. Co Ltd

252 Romford Road, London E7

Clerical Medical Investments Group

Narrow Plain, Bristol BS2 0JH

Equity & Law—Contd.

Guardian Royal Exchange—Contd.

Laurentian Life plc—Contd.

Merchant Investors Assurance Co Ltd—Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Legal & General (Unit Assur) Ltd

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	103.3	108.8	-0.6	-
Managed Growth	137.9	145.2	-1.8	-
Managed Opportunity	141.6	149.1	-1.7	-
NFMC Target Financial	100.8	106.2	-0.7	-
Pension Funds				
Managed Cautionary	107.9	113.6	-0.7	-
Managed Growth	141.9	149.4	-1.9	-
Managed Opportunity	143.8	157.4	-2.2	-
NFMC Target Mngd Pens	1495.4	1574.2	+4.7	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Managed Fund	224.0	235.8		-
Managed Prospect Fund	188.0	197.9		-
Pens Managed	283.5	298.5		-
Pens UK Equity	340.1	358.1		-
Pens Overseas Equity	374.4	394.2		-
Pens Property	162.8	171.4		-
Pens Fixed Interest	172.0	181.1		-
Pens Index Linked	142.2	149.7		-
Pens Deposit	189.8	199.8		-
Harvester & P.A.P.				
UK Equity	148.6	156.5		-
Overseas Equity	134.0	141.1		-
Fixed Interest	117.5	123.7		-
Property	135.4	142.6		-
Index Linked	129.2	136.0		-
Deposit	131.6	138.6		-
Managed	142.8	150.4		-
With Profits	135.0	142.2		-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 01-623 4200				
Managed	336.9	354.7	+0.8	-
UK Equity	433.2	456.0	+1.3	-
Overseas Eq	343.8	361.9	+1.3	-
Americas	248.2	261.3	-0.3	-
Far East	389.8	410.4	+1.4	-
Property	220.3	231.9	+0.1	-
Fixed Int	216.6	228.0	-0.4	-
Indexed Gilt	135.9	143.1	+0.5	-
Deposit	159.7	168.2	+0.1	-
Pension Fund (Accum Units)				
Managed	453.3	477.2	+0.9	-
UK Equity	537.0	565.3	+1.7	-
Overseas Eq	552.7	581.8	+0.5	-
Americas	327.0	344.3	-0.1	-
Far East	647.7	681.8	+3.4	-
Property	270.3	284.6	+0.2	-
Fixed Int	260.2	273.9	-0.6	-
Indexed Gilt	149.0	156.9	+0.5	-
Deposit	214.2	225.5	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1096.4	1116.0		-
Prices February 1 Next dealing March 1				
Norwich Union Asset Management Ltd				
PO Box 124, Norwich NR1 1JS 0603 683986				
NUAM Funds				
Managed Fund	64.4	67.8	+0.3	-
Stock Market Mngd Fund	62.9	66.2	+0.2	-
Equity Fund	67.4	70.9	+0.4	-
International Fund	59.6	62.8	+0.1	-
European Fund	69.1	72.7	+0.3	-
North American Fund	54.6	57.4		-
Pacific Fund	67.7	71.3	+0.1	-
Property Fund	85.9	90.4		-
Fixed Interest Fund	50.6	53.3	-0.1	-
Index linked Sec Fund	56.1	59.1	+0.1	-
Deposit Fund	61.0	64.3		-
NUAM Retirement Plans				

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital Life Assc. Co Ltd – Contd.				
Property Initial		168.2	-0.2	-
Money Initial		78.7		-
Special Market Initial		139.5	-1.4	-
Japan Equity Initial		110.2	+0.1	-
North American Initial		77.5	-0.1	-
Pacific Initial		79.5		-
Technology Initial		105.1	-0.6	-
Nat Resources Initial		54.7	-0.4	-
European Initial		98.35	-1.1	-
Residential Prop Init		103.5		-
Swiss Equities Initial		35.1	-0.5	-
Hong Kong Initial		46.2	+1.0	-
UK High Inc Eq Init		68.6	+0.1	-
Int Fixed Interest Init		48.4	+0.1	-
Int Managed Init		54.8	-0.1	-
HIP Managed Init		113.2	-0.1	-
Broker Funds				
High Performance	74.0	78.0	-0.7	-
Towerhill Mngd Fd Acc	51.2	54.0	-0.9	-
YRA Executive Fd	91.0	95.9	-0.6	-
£ Global Growth Acc	130.5	137.6		-
£ High Income Mony Acc	111.4	117.7		-
IM Balanced		54.3	-0.3	-
H F Speculator Fd		151.8	-3.2	-
PEP Acorn II		123.3	-1.4	-
PEP Cautionary		92.5	-0.7	-
AAFS Int Man Fund		119.6	-0.8	-
Andrews-Gren Inv Port		102.3		-
Individual Pension Funds				
UK Equity Acc	221.0	233.2	+0.4	-
UK Fixed Interest Acc	176.1	185.8	+0.4	-
Intl Equities Acc	235.6	248.6	-0.2	-
UK Managed Acc	179.9	189.7	-0.1	-
Property Acc	211.4	223.0	-0.2	-
Money Acc	135.5	143.0		-
Special Market Acc	282.2	297.7	-3.8	-
Japan Equity Acc	227.1	239.6	+0.2	-
North American Acc	120.0	126.6	-0.1	-
Pacific Acc	194.8	205.5		-
Technology Acc	177.8	187.6	-1.2	-
Natural Resources Acc	111.6	117.8	-0.9	-
European Acc	129.7	136.1	-1.9	-
Residential Prop Acc	113.5	119.8		-
Swiss Equities Acc	36.3	38.3	-0.5	-
Hong Kong Acc	47.8	50.5	+1.0	-
UK High Inc Equ Acc	75.9	80.1	+0.1	-
Int Fixed Interest Acc	51.4	54.3	+0.1	-
Int Managed Acc	57.8	60.9	-0.1	-
Group Pension Funds				
Equity Acc	822.4	847.9	-0.7	-
Fixed Interest Acc	526.1	542.4		-
Managed Acc	129.5	132.1	[illegible]	-
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Unit Fund (Gilbert)	1029.7	1081.2	-3.9	-
Equity Fund	235.8	247.6	-1.3	-
International Fd	162.0	170.1	-1.9	-
Fixed Interest Fd	150.5	158.0	+0.4	-
Property Fund	224.6	235.8		-
Index-Linked Fund	140.6	147.6	+0.2	-
Deposit Fund	145.4	152.7	+0.1	-
Pens. Mixed (Ord) Fd	245.7	258.0	-1.0	-
Gold Pension				
Discretionary Fund		119.5	-0.6	-
Equity Fund		119.3	-0.7	-
Fixed Interest Fund		108.1	+0.3	-
International Fund		123.5	-1.7	-
Property Fund		136.7		-
Index-Linked Fund		117.2	+0.3	-
Deposit Fund		121.4	+0.1	-
S & F Consolidation		111.9		-
S & F Balanced		121.4	-1.1	-
S & F Maximum Growth		105.3	-1.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Sharp (Albert E.) & Co.				
12 Newhall Street, Birmingham B3 3ER 021-200 2244				
Afan-Clerical Mixd	143.3	150.9	+1.2	-
Pens Man Mixd	656.4	690.9	-2.5	-
Siltala Fund Managers Limited				
Siltala House, The Causeway, Bishop's Stortford, Herts. 0279 757696				
Siltala Managed Funds				
Royal Heritage SOF	102.7	108.2		-
Royal Heritage CGF	133.7	140.8		-
Royal Heritage HIF	138.4	145.7		-

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Royal Bank of Canada Funds						
RBC Offshore Fund Managers Ltd						
PO Box 246, St Peter Port, Guernsey 0481 23021						
Intl Capital Fd	5	$54.52	54.52xd	59.25		-
Far East & Pacific Fd	5	$43.47	43.47	47.34		-
North America Fd F	5	$13.29	13.29	14.36	-0.08	-
Canadian Fd A	5	C$12.75	12.75	13.78	-0.34	-
Intl Bond Fd	5	$11.95	11.95	12.66		2.17
European Fund A	5	$12.23	12.23	13.28		-
British Fund A	5	£5.198	5.198	5.633		-
RBC Intl Currencies Fd Ltd						
US$ A		$		33.75	+0.08	-
Canadian $ A		C$		45.11	+0.02	-
£ Sterling A		£		19.79	+0.01	-

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

IOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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	Init Charge	Curr. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Luxembourg SA-Contd.						
Dollar Bond		$-	1 95			-
Sterling Bond		£-	1 00			-
European Currency Bond		Ecu-	1 46		+0 01	7.43
Intl Conv Bond		$-	2 10			-
Dollar Reserve		$-	2 03			-
Sterling Reserve		£-	1 05			-
Deutschmark Reserve		DM-	5 06			-
Yen Reserve		¥-	505.00			-
Henderson Management SA						
21-25 Allee Scheffer L-2520 Luxembourg 01-638 5757 or 010-352 462232						
Henderson Horizon Fund						
Japanese Portfolio		$-	14 49	15.31	-0 03	-
Japan Smlr Cos P'flio		$-	21 67	22.88	-0 01	-
Pacific Portfolio		$-	12.86	12.52	-0 05	-
Nth American P'folio		$-	4 53	4.80		-
European Portfolio		$-	8 72	9.22	-0 02	-
UK Portfolio		$-	6 06	6 42	-0 06	-
Global Portfolio		$-	9 63	10 17	+0 02	-
Fixed Int Portfolio		£-	9.13	9.54		-
Inv Cos Portfolio		$-	9.54	10.02		-
Dollar Liquidity P'folio		$-	0.8541	0.8563		-
Stlg Liquidity P'folio		£-	1.1687	1.1717		-
Hill Samuel Investment Services Intl SA						
Marktgasse 63/65, 3001 Berne, Switzerland 224051						
Hill Samuel Global Portfolio						
Global Equity			$9 48			-
Global Bond			$9.52			-
Global Managed			$9 40			-
Sterling Fixed Int			£9 46			-
European Fixed Int			DM18.86			-
UK Equity			£9.07			-
UK Smaller Co's Eqty			£9 55			-
Nth American Equity			$9 18			-
US Smaller Co's Eqty			$9 33			-
Japanese Equity			Y941			-
European Equity			DM19.66			-
Pacific Basin Equity			$9.34			-
Ivory & Sime (Luxembourg) SA						
13 rue Goethe L-1637 Luxembourg 010 352 4046461						
Atlas Fund						
Global Cap Portfolio		$-	2.471	2.621		0 4
United States Portfolio		$-	2.347	2.490		0.2
United Kingdom Portfolio		£-	1.074	1.140		1.4
Cont Europe Portfolio		DM-	4 209	4 461		0 5
Europrica Portfolio		£-	1.023	1 085		-
Japan Portfolio		£-	0.940	0.998		-
Pacific Portfolio		$-	2 661	2.820		1.0
Gold Portfolio		$-	2.454	2.603		-
UK Growth of Income		£-	1.168	1.240		2.5
Sterling Gilt Portfolio		£-	0 938	1.004		9.5
Global Bond Portfolio		$-	1.923	2 040		5.2
Dollar Portfolio		$-	2.052	2.053		8.6
Yen Portfolio		¥-	0.909	0 910		4.0
Sterling Portfolio		£-	1 036	1.037		12.2
Midland International Circuit Fund SICAV						

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Fund Managers – Contd.				
Lazard Japan Fund	$62.03	65.26		
Lazard Nth Am.	$20 24	21 55		
Lazard Sel Port £ Cap.	£14.00	15 14		
Lazard Sel Port £ Inc	£9 16	9 66		
Lazard Sel Port $ Cap.	$13 49	14.59		
Lazard Sel Port $ Inc.	$8 54	9.03		
Lazard U.K.	£1 505	1.571		
M & G Island Fund				
Island	652.6	691.8		
(Accum Units)	1270.4	1346.6		
NM Financial Mgmt Intl Ltd				
Mixed Currency	£6.319	6.649		
NM Portfolio Selection Fund Ltd				
Far East Gwth.	$1 392	1 438		
Smaller Co's	£0 974	1 036		
Special Sits.	£0 972	1.033		
American Fund	$1.883	2.003		
American Smaller Cos.	$1.151	1.224		
British Fund	£1.507	1.603		
European Fund	£2 147	2.284		
Gold Fund	£0 785	0 835		
Hong Kong Fund	£1.586	1 687		
International Fund	£1.392	1.480		
Japanese Fund	£2.921	3 107		
Japan Smaller Cos.	£5.133	5.460		
Singapore & Malaysian	£1.516	1.612		
Dollar Fixed Interest	$0 987	1.049		
Sterling Fixed Int.	£0 891	0 947		
Deutschmark Currency		DM5.027		
Dollar Currency		$1 002		
Sterling Currency		£1.053		
Yen Currency		Y201.0		
Managed Currency	£0 988	1.051		
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y3,948	3,987		
New Generation Fd. $	$22.74	22.97		
Japan Inom. Alpha	Y12,783	12,895		
Jap Sector Rotation	Y10,496	10,651		
Strongfield Asset Mngmt (Guernsey)				
Tech and Comm	£12.01	12 75		
Pacific Basin Fd.	$116.63	125 75		
Western European	$20 07	21 49		
Tyndall International (Guernsey) Ltd				
Capital Defender	$1.22	1.29		
Hi Yield Bond	63.0	66.3		
Intl Spec. Sits.	50.5	53.1		
Marsupial Fd	84 0	88.3		
U.S. Treasury Securities Fund Ltd				
Short Term Shares	5694 25			
Fixed Income Shares	5798.65			
Wellington Fd Mngrs (Guernsey) Ltd				
Intl Growth Fd.	$13 87	14.56		
Yamaichi Capital Mangmt (Guernsey)				

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

DUBLIN (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and Swiss franc firm

The dollar was generally firmer on the foreign exchanges yesterday, in quiet trading lacking fresh factors. A rise in the the Bank of Japan's discount rate had been looked for after last weekend's general election in Japan, but recent statements by Japanese officials have tended to dismiss such suggestions, leading to a weakening of the yen.

Mr Alan Greenspan, chairman of the Federal Reserve Board, continued his Congressional testimony yesterday, but this failed to have much impact on the dollar. He told the Senate Banking Committee that he was not overly concerned by the sharp rise of 1.1 per cent in the January US consumer price index, and said that if food and energy prices are stripped out there is no evidence inflation is accelerating.

At the close of trading in London the dollar climbed to DM1.6700 from DM1.6650; to Y145.90 from Y145.30; to FFr5.6575 from FFr5.6525, but fell to SFr1.4720 from SFr1.4745. According to the Bank of England the dollar's index was unchanged at 66.8.

The Swiss franc was firm after the D-Mark fell through a technical support point of 88.40 centimes per D-Mark. The West German currency closed in London at 88.15 centimes, against 88.55 on Wednesday, with the franc supported by high Swiss interest rates and uncertainty about the effect of German monetary union on the D-Mark. Mr Nicholas Brady, US Treasury Secretary is expected to discuss the subject of monetary union with Mr Theo Waigel, West German Finance Minister, during his present visit to Europe.

Inflation remains the main problem facing the British Government, according to Mrs Margaret Thatcher, the Prime Minister. She was speaking in Parliament after a meeting of the UK cabinet, where it was said there was solid support for the central objective of bringing inflation down.

Sterling was little changed at $1.7145, against $1.7150, but rose to DM2.8625 from DM2.8550; to Y250.25 from Y249.25; and to FFr9.7000 from FFr9.6950. Sterling's index rose 0.1 to 90.3.

The D-Mark drifted quietly, keeping pressure off the European Monetary System. The Italian lira remained the strongest EMS member, in spite of a potential crisis over immigration laws for the seven-month old Italian coalition Government headed by the Christian Democrats.

In Milan the D-Mark fell to L739.37, against L740.77 on Wednesday. This was the lowest level since early December. At the London close the German currency had declined to L739.35 from L741.15.

Mr Pierre Beregovoy, French Finance Minister, said the outlook was for inflation in France to stay under control, with unemployment falling and industrial investment remaining strong. The franc was around the bottom of the EMS but firmer against the D-Mark, with the German unit falling to FFr3.3875 from FR3.3950 at the London close.

£ IN NEW YORK

Feb.22	Latest	Previous Close
£ Spot	1.7140-1.7150	1.7105-1.7115
1 month	0.87-0.86pm	0.87-0.86pm
3 months	2.80-2.77pm	2.70-2.68pm
12 months	9.80-9.70pm	9.80-9.73pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.22	Previous
8.30 am	90.3	90.1
9.00 am	90.3	90.1
10.00 am	90.3	90.1
11.00 am	90.3	90.2
Noon	90.3	90.2
1.00 pm	90.3	90.2
2.00 pm	90.2	90.2
3.00 pm	90.2	90.2
4.00 pm	90.3	90.2

CURRENCY RATES

Feb.22	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.28793	1.40053
U.S Dollar	7	1.33175	1.22239
Canadian $	12.29	1.59943	1.46076
Austrian Sch.	6½	15.6268	14.4071
Belgian Franc	10¼	46.3416	42.6126
Danish Krone	10½	8.55127	7.87587
Deutsche Mark	6.00	2.21910	2.04579
Neth Guilder	7.00	2.50236	2.30494
French Franc	10¼	7.53438	6.93218
Italian Lira	13½	1644.44	1513.27
Japanese Yen	4¼	193.503	177.797
Norway Krone	8	8.57913	7.88809
Spanish Peseta	-	143.376	132.055
Swedish Krona	9½	N/A	7.44742
Swiss Franc	6.00	1.96233	1.80547
Greek Drach.	20½	N/A	193.150
Irish Punt	-	N/A	0.770107

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Feb.21

CURRENCY MOVEMENTS

Feb.22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.3	-21.4
U S Dollar	66.8	-11.1
Canadian Dollar	101.5	-1.8
Austrian Schilling	109.6	+12.0
Belgian Franc	110.0	-3.2
Danish Krone	109.3	+3.9
Deutsche Mark	118.7	+25.1
Swiss Franc	109.5	+17.4
Guilder	114.6	+16.5
French Franc	103.8	-12.5
Lira	100.7	-18.5
Yen	127.2	+83.3

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). **Rates are for Feb.21.

OTHER CURRENCIES

Feb.22	£	$
Argentina	7224.00-7246.00	4220.00-4230.00
Australia	2.2345-2.2370	1.3075-1.3085
Brazil	47.3580-47.4050	27.6580-27.7690
Finland	6.7200-6.7415	3.9300-3.9400
Greece	270.40-270.60	157.90-158.00
Hong Kong	13.3485-13.3615	7.8055-7.8075
Iran	117.00*	69.25*
Korea(Sth)	1172.15-1191.05	688.10-693.50
Kuwait	0.49540-0.49730	0.28870-0.29070
Luxembourg	59.60-59.70	34.75-34.85
Malaysia	4.6170-4.6285	2.7005-2.7025
Mexico	4667.00-4687.00	2726.00-2736.00
N Zealand	2.8915-2.8975	1.6925-1.6955
Saudi Ar.	6.4130-6.4150	3.7500-3.7510
Singapore	3.1830-3.1905	1.8620-1.8640
S Af (Cm)	4.3355-4.3470	2.5380-2.5395
S. Af (Fn)	6.0095-6.1110	3.5090-3.5715
Taiwan	44.75-44.85	26.15-26.20
U.A.E.	6.2300-6.2835	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10. Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF)

Stock index

	Open	Close	Change	High	Low	Open int.
February	1819.0	1829.0	+28.0	1829.0	1811.0	5,004
March	1817.0	1828.0	+30.0	1828.0	1810.0	3,676
April	1816.0	1824.0	+23.0	1824.0	1816.0	309
June	-	-	-	-	-	37

Estimated volume 7,042 Total Open Interest 9,026

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7145	1.7059	1.6867	1.6617	1.6175

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.7034	1.7056	1.7032	1.7056
Jun	1.6776	1.6784	1.6764	1.6790
Sep	-	-	-	1.6546

BASE LENDING RATES

	%
ABN Bank	15
Adam & Company	15
Allied Trust Bank	15
Allied Irish Bank	15
● Henry Ansbacher	15
Associates Cap Corp	15½
● B & C Merchant Bank	15
Bank of Baroda	15
Banco Bilbao Vizcaya	15
Bank Hapoalim	15
Bank Credit & Comm	15
Bank of Cyprus	15
Bank of Ireland	15
Bank of India	15
Bank of Scotland	15
Banque Belge Ltd	15
Barclays Bank	15
Benchmark Bank PLC	15
Brit Bk of Mid East	15
● Brown Shipley	15
CL Bank Nederland	15
● Charterhouse Bank	15
Citibank NA	15
City Merchants Bank	15
Clydesdale Bank	15
Comm.Bk.N.East	15
Co-operative Bank	*15
Coutts & Co	15
Cyprus Popular Bk	15
Dunbar Bank PLC	15
Duncan Lawrie	15
Equatorial Bank plc	15
Exeter Trust Ltd	15½
Financial & Gen. Bank	15
First National Bank Plc	16
● Robert Fleming & Co.	15
Robert Fraser & Ptrs.	15½
Girobank	15
● Guinness Mahon	15
HFC Bank plc	15
● Hambros Bank	15
Hampshire Trust Plc	15½
Heritable & Gen Inv Bnk	15
● Hill Samuel	§15
C. Hoare & Co.	15
Hongkong & Shangh	15
● Leopold Joseph & Sons	15
Lloyds Bank	15
Meghraj Bank Ltd	15
McDonnell Douglas Bnk	15
Midland Bank	15
Mount Banking	15
Nat Bk. of Kuwait	15
NatWestminster	15
Northern Bank Ltd	15
Norwich Gen. Trust	15
Nykredit Mortgage Bank	15½
PRIVATbanken Limited	15
Provincial Bank PLC	16
Roxburghe G'rantee	15½
Royal Bk of Scotland	15
Royal Trust Bank	15
● Smith & Williamson Secs.	15
Standard Chartered	15
TSB	15
● United Bk of Kuwait	15
United Mizrahi Bank	15
Unity Trust Bank Plc	15
Western Trust	15
Westpac Bank Corp.	15
Whiteaway Laidlaw	15
Yorkshire Bank	15

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sarewise 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

A softer tone

THERE WAS a softer tone to interest rates on the London money market yesterday as sterling continued to advance on the foreign exchanges. High UK inflation points towards no early reduction in UK bank base rates however, and was highlighted as a major problem in a pre-Budget meeting of the Cabinet. Three-month interbank eased to 15⅛-15$\frac{1}{16}$ from 15$\frac{3}{16}$-15$\frac{1}{16}$ per cent. and 12-month month money was quoted at 15$\frac{5}{16}$-15$\frac{3}{16}$ per cent against 15⅜-15$\frac{3}{16}$.

On Liffe short sterling futures lost ground, with June delivery closing towards the bottom of the day's range. It opened slightly weaker at 85.20 and touched a low of 85.14 before closing at 85.15, against 85.21 on Wednesday.

Day-to-day credit was in short supply on London. The Bank of England initially forecast a shortage of £1,150m, but revised this to £1,200m at noon, and back to £1,150m in the afternoon. Total help of £1,004m was provided.

An early round of assistance was offered and at that time the the authorities bought £635m bills bills including £535m bank bills outright in band 2 at 14⅞ per cent, and £100m for resale to the market on March 12, at a rate of 14⅞ per cent. Before lunch another £313m bank bills were purchased outright in band 1 at 14⅞ per cent.

In the afternoon the Bank of England bought £1m bank bills in band 2 at 14⅞ per cent and gave late assistance of around £55m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £915m, with Exchequer transactions absorbing £215m, and a rise in the note circulation £90m. These factors outweighed Bank balances above target of £55m.

In Frankfurt call money fell to 7.60 from 7.80 per cent, as the market realised there was ample liquidity in spite of the Bundesbank's drain of DM9.5bn at this week's securities repurchase agreement tender. Dealers had expected a reserve requirement for February of DM59.7bn, but now believe the figure could be less than DM59bn. For the first 20 days of this month banks average holdings at the Bundesbank were DM62.7bn.

In Amsterdam the Dutch Central Bank left its money market intervention rate at 8.4 per cent when inviting tenders for six-day special advances. The new facility will replace an expiring seven-day facility of Fl 6.095bn.

UK clearing bank base lending rate 15 per cent from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.22) 3 months US dollars: bid 8¼, offer 8⅜ — 6 months US Dollars: bid 8$\frac{5}{16}$, offer 8$\frac{7}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Treasury Bills and Bonds

One month	7.97	Three year	8.52
Two month	7.73	Four year	8.57
Three month	8.00	Five year	8.60
Six month	8.15	Seven year	8.62
One year	8.18	10-year	8.61
Two year	8.50	30-year	8.64

[illegible]

LONDON MONEY RATES

[illegible]

... per cent; three months 14$\frac{13}{16}$ per cent; Bank Bills (sell): ... Treasury Bills; Average tender rate of discount ... Sterling Export Finance. Make up day January 31, 1990 ... to March 25, 1990, Scheme I: 15.89 p.c., ... Dec.30,1989 to January 31, 1990. Scheme IV&V: 15.199 p.c. ... Finance Houses seven days' notice, others seven days' fixed. ... January 1, 1990: Bank Deposit Rates for sums at seven days notice ... Deposit (Series 6): Deposit £100,000 and over held under one month ... months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

GRANVILLE
SPONSORED SECURITIES

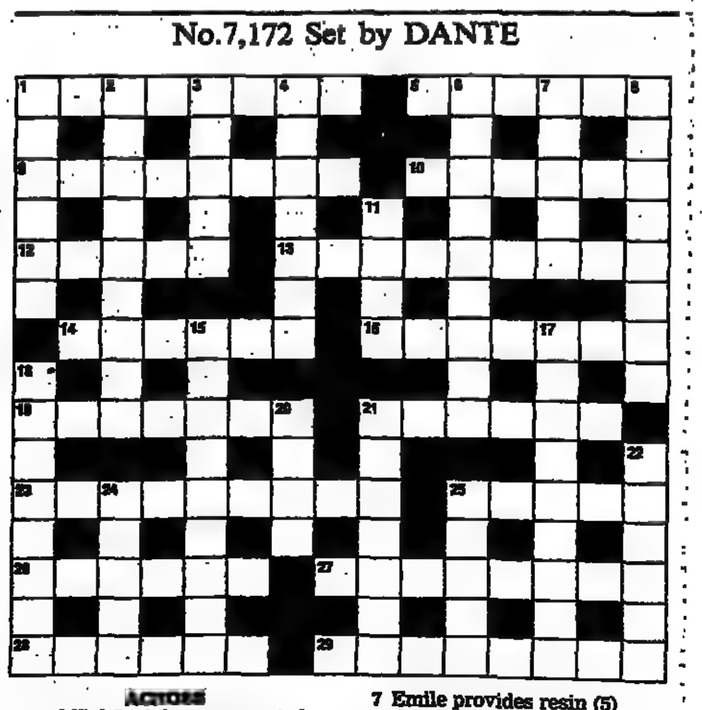
High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	340	0	10.3	3.0	9.2
38	19	Armitage and Rhodes	19	0	-	-	-
210	[illegible]	Bardon Group (SE)	179	0	4.3	2.4	17.4
125	102	Bardon Group Cv Pref (SE)	111	0	6.7	6.0	-
123	74	Bray Technologies	76	0	[illegible]	7.8	6.7
110	95	Bremhill Conv. Pref	95	0	11.0	11.6	-
315	285	CCL Group Ordinary	314	0	14.7	4.7	3.9
176	165	CCL Group 11% Conv.Pref	170	0	14.7	8.6	-
225	140	Carbo Plc (SE)	210	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-Voting A Cnv.	0.125	0	-	-	-
5	0.125	*Magnet Gp Non-Voting B Cnv.	0.125	0	-	-	-
130	95	Isis Group	95	0	8.0	8.4	3.4
145	58	Jackson Group (SE)	110	+1	3.6	3.2	12.8
322	253	Multihouse NV (AmstSE)	253	0	-	-	-
158	98	Robert Jenkins	133	0	10.0	7.5	4.8
487	360	Scruttons	360	0	18.7	5.2	9.6
300	270	Torday & Carlisle	300	0	9.5	3.1	10.5
117	100	Torday & Carlisle Cnv Pref	104	0	10.7	10.3	-
160	106	Unistrut Europe Conv Pref	160	0	9.3	5.8	-
395	318	Veterinary Drug Co. PLC	318	0	22.0	6.9	9.4
370	290	W.S Yeates	290	0	16.2	5.6	24.2

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The ISE. Other securities listed above are dealt in subject to the rules of TSA
These securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities
* These securities are dealt on a restricted basis. Further details available

JOTTER PAD

CROSSWORD

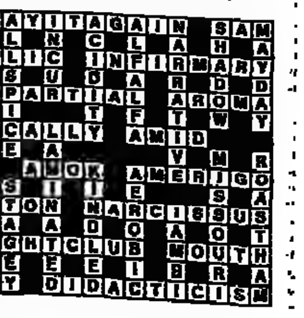
No.7,172 Set by DANTE



ACROSS
1 Official giving payment for services to employees (8)
5 Dare he twist or stick? (6)
9 Sovereign – or a gold Russian coin (8)
10 Foreign Office has its back to the wall (6)
12 Torches, of course (5)
13 What a cash register does is to stop fiddling (4,5)
14 Black eye for a boot-black? (6)
16 Throw out a proposed scheme (7)
19 Revised tale with a revolutionary ending (7)
21 Draw south by boat (6)
23 Bound to be glad I came round (9)
25 Stuffy bar (5)
26 New ethics people find irritating (6)
27 Handy treatment for wild flower (8)
28 Join a silent assembly (6)
29 I am on the way, the way forward (8)

DOWN
1 A sweet little thing (6)
2 How the haggis should be served? (6,3)
3 They go round on wheels (5)
4 It's an accomplishment with her light weight (7)
6 Chemist's roster dug out (9)
7 Emile provides resin (5)
8 Communist aim – end of private property? (8)
11 Blow, not unwelcome on the back (4)
15 One is never sorry to have them (2,7)
17 Pen and fold in an envelope (9)
18 She gets letters from Cornelia (8)
20 Service tax (4)
21 Weapon of no use at the front? (4,3)
22 Leave for the Sahara, perhaps (6)
24 Native love call stirred (5)
25 A capital atmosphere in a small business house (5)

Solution to Puzzle No.7,171



WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

CANADA

TORONTO
2pm prices February 22

[illegible]

I—No voting rights or restricted voting rights

INDICES

NEW YORK

DOW JONES	Feb 21	Feb 20	Feb 16	Feb 15	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2583.56	2596.85	2635.59	2649.55	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	92.09	91.09	91.46	91.55	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1084.64	1067.92	1079.30	1081.26	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.25	218.56	221.27	221.96	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2602.48 (2619.14) Low 2556.31 (2579.09)

STANDARD AND POOR'S

	Feb 21	Feb 20	Feb 16	Feb 15	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	327.67	327.99	332.72	334.90	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	378.14	378.66	383.81	386.51	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.19	28.13	28.62	28.53	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	181.07	181.37	183.75	184.70	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	352.95	354.88	358.77	359.60	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	421.92	425.83	429.01	429.61	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb 9	Feb 2	Jan 26	year ago (approx.)
Dow Industrial Div. Yield	4.09	4.16	4.20	3.63

	Feb 14	Feb 7	Jan 31	year ago (approx.)
S & P Industrial div. yield	3.11	3.09	3.13	3.13
S & P Indl. P/E ratio	14.21	14.23	14.04	13.63

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Philip Morris	2,265,400	37⅞	− ⅛
IBM	2,024,100	104⅞	+ 2
A T & T	1,983,400	38¾	− ¼
Varity Corp	1,818,700	3⅛	—
Texas Util	1,786,100	34½	− ¼
Gen Elect.	1,729,600	60⅛	− ⅛
Gt N Nekoosa	1,528,800	65⅛	—
Chase Bank	1,511,300	26⅛	− ¼
Schlumberger	1,472,300	50⅞	+ ⅛
Grace (W.R.)	1,463,900	29⅛	− ¼

TRADING ACTIVITY

† Volume (Millions)	Feb 21	Feb 20	Feb 16
New York	159,240	147,300	166,840
Amex	11,632	11,680	12,327
NASDAQ	(u)	108,277	120,220
Issues Traded	1,982	1,967	1,984
Rises	583	320	762
Falls	965	1,267	727
Unchanged	434	380	495
New Highs	18	13	32
New Lows	96	86	41

CANADA

TORONTO	Feb 21	Feb 20	Feb 19	Feb 16	1989/90 HIGH	1989/90 LOW
Metals & Minerals	2959.23	2981.50	3037.47	3029.97	3919.2 (1/9/89)	2933.46 (22/2/90)
Composite	3672.46	3692.25	3734.76	3731.60	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1863.88	1872.96	1901.23	1901.93	2069.58 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 22	Feb 21	Feb 20	Feb 19	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1609.0	1624.2	1630.4	1645.9	1783.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	811.4	825.2	833.4	846.8	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	654.91	642.05	650.67	663.28	663.28 (19/2/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5659.19	5675.91	5822.20	5922.67	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	367.46	366.49	364.40	367.56	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	661.0	660.7	661.3	661.5	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	493.88	488.66	499.79	507.08	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1836.91	1803.79	1820.16	1838.03	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	764.90	758.22	768.24	790.28	807.13 (5/2/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2234.2	2215.8	2243.3	2309.5	2370.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	1820.15	1807.19	1823.81	1869.19	1939.43 (5/2/90)	1271.78 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2927.92	2862.27	2980.90	2968.80	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1794.22	1780.13	1783.51	1797.97	1895.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	662.45	662.31	667.68	676.18	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	35826.84	35734.33	36095.52	37222.60	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2615.09	2620.21	2696.08	2718.56	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4132.73	4155.91	4229.54	4244.39	4284.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	607.91	603.47	622.20	620.13	622.20 (20/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	246.1	244.5	246.9	250.4	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	188.8	187.6	189.4	192.1	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	808.62	793.41	802.55	814.37	816.41 (16/2/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1042.22	1044.79	1047.65	1048.89	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	433.15	427.96	441.62	441.31	443.34 (6/2/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1979.0&	1996.0	2013.0	1938.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	3047.0&	3058.0	3183.0	3076.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	853.45	853.04	856.64	859.26	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	276.88	276.34	281.86	282.96	328.95 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	(u)	(u)	(u)	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	766.1	765.4	771.4	778.0	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11749.13	11975.29	12271.94	11792.65	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	808.58	836.15	841.61	838.98	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	534.9	532.7	540.2	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Feb. 17: Taiwan Weighted Price: 11804.40 Korea Comp Ex. 866.93
& Subject to official recalculation.
bBase values of all indices are 100 except Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday February 22 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	16.2m	930	+5
Sharp	12.1m	1,850	+80
Hitachi	10.4m	1,480	+10
Fujitsu	10.1m	1,580	+120
Kawasaki Steel	8.8m	755	+5
MHI	7.4m	1,040	+20
Sumitomo Mt Ind	5.8m	755	+3
Toshiba	5.8m	1,180	+10
Chiyoda	4.8m	1,810	+40
Teikoku Cnstr	4.7m	1,830	+180

3pm prices February 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	24⅝	AAR	.48	1.6	18	37	31⅛	30⅞	30⅞	- ⅛
9⅞	8½	ACM n	1.26	13.		165	9⅝	9½	9⅝	+ ⅛
11⅝	10½	ACMIn	1.26	11		411	11¼	11	11⅛	
9⅞	7⅞	ACM M n	1.01	13.		329	8⅛	8	8	- ⅛
12⅛	11½	ACMMM				179	11⅝	11⅝	11⅝	
11½	10	ACM Sc	1.26	11.		528	11⅛	11	11⅛	
9⅞	8⅛	ACMSp	1.01	11.		312	9⅛	9	9⅛	+ ⅛
19⅝	11½	AL Lab	.16	.8	30	520	u19⅞	19	19⅞	+ 1
6⅛	3⅞	AM Intl			9	481	3¾	3⅝	3¾	+ ⅛
23½	16⅞	AM In pf	2	12.		37	17	16⅞	16⅞	- ⅛
107¼	52½	AMR			6	6694	58¼	57¼	58¼	+ 1½
5½	3⅛	ARX				98	3⅝	3¼	3⅝	+ ⅛
72¼	39	ASA	3a	5.4		2553	56¼	54⅞	56	+ 1¼
70⅞	50⅞	AbtLab	1.40	2.2	17	2045	64⅞	63⅞	64⅛	+ ⅞
17⅝	11¼	Abitibi g	.50			47	12½	12⅜	12½	+ ⅜
13	8⅞	AcmeC	.40	4.3	10	143	9¼	9⅛	9¼	+ ⅛
9¼	6	AcmeE	.32	3.6	11	101	9	8⅞	8⅞	
30½	27	Acusn			20	934	32⅛	32	32⅛	+ ⅜
16⅛	12⅞	AdaEx	2.08e	13		72	15⅜	15¼	15⅜	
15⅝	7½	Adobe				49	13⅝	13⅛	13⅛	+ ⅛
21⅝	19⅞	Adob pf	2.40	11.		2	21	21	21	
10½	6⅞	AMD			6	6635	7⅞	7½	7⅞	+ ¼
35	26⅛	AMD pf	3	10.		40	29⅞	29¼	29¼	- ⅛
10⅛	5	Advest	.16	2.8	8	x217	5⅞	5⅛	5⅞	+ ¼
62½	48½	AetnLf	2.76	5.4	9	1865	51¼	50⅞	51⅛	+ ⅛
14	9⅞	AflPb	.24	2.3		295	10¼	10⅝	10⅝	

Continued on Page 47

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NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14½	8¼	SCOR U	.20	1.7	15	149	11⅞	11⅞	11⅞	
9½	7¾	SL Ind	.17b	2.1	13	2	8¼	8¼	8¼	
60⅛	34⅞	SPSTec	1.28	3.6	10	169	35½	34⅞	35½	+ ⅝
35⅜	22⅞	SPX Cp	1	4.3	5	158	23½	23⅜	23⅜	− ¼
35⅜	27¼	SSMC			24	35	32	31⅞	32	+ ½
21⅞	10⅝	Saatchi	.48e	4.9		10463	10⅛	d 9⅝	9¾	− ⅝
14⅝	12¼	SabnR	1.38e	11	9	49	12⅜	12¼	12¼	− ⅛
7⅛	4½	Salecrd	.10	1.6	8	238	6⅜	6⅛	6⅜	+ ¼
19	12⅞	SigdSc			12	50	14¼	14	14¼	+ ⅜
38⅞	25¼	SaftKin	.40	1.4	22	217	29¾	29⅛	29⅜	+ ⅛
9¼	6⅛	SahCos	1.12	13.	21	166	8½	8⅛	8⅜	
24⅝	21	StJoLP	1.60	6.5	10	210	24⅝	24⅜	24⅝	+ ¼
28⅞	7⅜	Salant			9	20	8⅛	8⅛	8⅛	
53½	34⅞	SalleM s	.52	1.2	17	4581	43¼	41⅝	42¾	+ ⅜
28⅜	20⅛	Salomn	.64	2.9	8	1122	22½	21⅝	22¼	+ ⅝
45⅝	38⅜	SDieGs	2.70	6.4	13	365	42¼	42	42⅛	+ ⅛
8⅞	7⅛	SJuanB	.18e	2.3	46	x85	7⅞	7⅛	7⅞	
35	25¼	SAnhRt	2.08	7.4	17	173	28⅞	27⅞	28	+ ¼
14⅝	6⅜	SFeEP	2.88	39.		27	7½	7¼	7⅜	+ ⅛
27¾	20⅞	SFePP	2.40	9.7	8	155	25	24⅝	24⅞	− ⅛
25¾	16¼	SFePCp	.10e	.5		1445	19	18⅝	18¾	− ⅛
33¾	22⅞	SaraL s	.84	3.1	15	4719	27½	26¼	27⅜	+ 1⅜
27⅛	23⅞	SavE pfA2.17		9.3		6	25½	25⅜	25⅜	− ⅛
9-16	⅛	Savin				2298	¼	7-32	7-32	− 1-32
14⅛	10⅞	Savn pfA				11	13¼	13	13	− ½
9⅞	4⅞	Savn pfB.60t		16.		25	5	4⅞	5	+ ⅛
35¾	29⅝	SCANA	2.46	7.5	11	1668	33¼	32⅞	33	− ⅜
10⅛	7⅞	Schfr	1.40e	15.		97	9⅜	9¼	9⅜	+ ⅛
87½	69⅞	SchPlg	1.80	2.3	18	1429	77⅞	76½	76⅝	− ½
60⅝	34¼	Schlmb	1.20	2.4	28	11296	u51⅛	49⅝	49⅝	− ⅜
17	8⅞	Schwb	.12	.8	22	636	15⅛	14⅞	15¼	+ ½
17	4½	Schwtz n			14	141	5¾	4⅞	5⅛	+ ⅛
25⅛	13⅛	SciAtl	.16	.7	13	x1087	21⅞	21⅛	21½	+ ½

– X – Y – Z –

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
69	49⅛	Xerox	3	5.8	8	2572	51⅞	51⅛	51⅝	+ ⅜
41⅛	23⅛	XTRA	.72	2.9	30	615	24⅝	24⅜	24⅝	+ ⅛
38¼	21	XTRA pf1.94		9.1		3	21⅜	21⅜	21⅜	+ ⅛
4⅛	2⅛	Zapata				321	3⅜	3¼	3⅜	+ ⅛
21⅛	7⅝	ZenithE				644	8⅝	8⅜	8⅝	
21⅛	14	ZenNtl	.84	5.3	6	631	16	15⅞	16	
9⅛	5⅜	Zenix	1.08	17.		79	6⅜	6⅛	6⅜	
16½	13⅛	Zero s	.40	2.8	13	162	14	13⅞	13⅞	− ⅛
44⅛	25¼	Zurnin	.76	2.0	18	1009	38⅛	37⅛	38⅜	+ 1⅛
12⅞	10	Zweig	1.21e	11.		446	11⅜	11⅛	11⅛	− ⅛
10	8⅛	ZweigTl	.95	10.		687	9⅛	9⅛	9⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices February 22

NASDAQ NATIONAL MARKET

3pm prices February 22

FINANCIAL TIMES

Friday February 23 1990

AMERICA

Dow rises in response to overseas encouragement

Wall Street

A SMALL rise in the Japanese stock market overnight helped US equities to rebound from their losses this week, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was 31.30 higher at 2,614.86 on moderately active volume of 105m shares. On Wednesday, the Dow had, at one stage, stood more than 30 points lower but then bounced to close only 13.29 lower at 2,583.56.

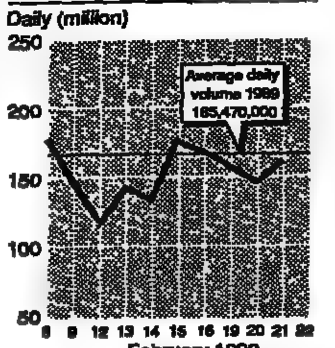
A great deal of bad news has now been absorbed and yesterday's buying reflected this. Global bond markets appear to have stabilised after their sharp falls. The small gain overnight by Tokyo after its substantial decline was reassuring, as was news that the West German market had closed a little higher after three days of losses.

In the US, bonds were quoted marginally higher at midsession in spite of Wednesday's news of a 1.1 per cent jump in US consumer prices in January, the largest gain since January 1982.

Mr Manuel Johnson, vice chairman of the US Federal Reserve, said that he was not overly concerned by the consumer prices report and that he remained optimistic about the inflationary outlook in the longer term. However, he repeated the cautious message of the chairman, Mr Alan Greenspan, on Tuesday, warning against any "overly aggressive" response to the economic slow-down in the form of relaxing interest rates. Mr Greenspan said that the US has probably avoided the danger of an imminent recession, but said that there could be a risk of accelerating inflation.

The rebound from its lows on Wednesday leant the US market a more confident tone, quite apart from what was happening on foreign exchanges.

NYSE volume



Nevertheless, technical analysts said that the bounce was rather erratic and that they would have to see more evidence before concluding that the market had turned.

Among featured stocks, Philip Morris rose $¾ to $38⅝. The company said it expected capital spending to rise to $1.4bn in 1990 from $1.2bn in 1989 and that its Kraft General Foods subsidiary would be seeking acquisitions by 1991.

Monsanto jumped $4⅝ to $112¼. The company received approval from the Food and Drug Administration for Simplesse, its fat substitute. It was expected to hold a press conference yesterday to discuss plans for the product.

Pfizer fell $2¾ to $61⅛ on a US press report that the company may be facing one of the worst product liability cases in US history over a heart valve that it once sold.

Rorer Group fell $1⅛ to $59⅞. Rhône-Poulenc of France said it was not certain that its talks about acquiring a 68 per cent stake in the US company would succeed, although it remained optimistic.

Avon Products added $¾ to $32⅞ after the company said it expected first quarter net income to exceed the level achieved a year-ago and that it would report a $180m gain on the sale of its remaining 60 per cent stake in Avon Japan.

UAL fell $2 to $130¼ on a press report that Mr Stephen Wolf, chairman, would lobby against an employee-led buy-out if it did not include him.

Canada

BARGAIN-HUNTING on Wall Street spilled over into the oversold Toronto market to boost shares in light trade. The composite index rose 6.5 to 3,678.9 on volume of 17.7m shares. However, gold stocks nosedived on weaker bullion prices.

Placer Dome slipped $⅝ to $22⅝ after the company reported annual earnings had dropped by more than 50 per cent.

Sweden recovers as political solution nears

John Burton explains how Stockholm has weathered a turbulent sequence of events

ALTHOUGH the Stockholm Stock Exchange has fallen by 8.3 per cent since the beginning of the year, things could be a lot worse. The Affärsvärlden General index reversed its recent decline yesterday, rising 22.4, or 2 per cent, to 1,156.9, as political prospects improved.

There were widespread assertions at the beginning of this week that the bourse was on the verge of a rout, as normal trading resumed after a three-week bank strike had depressed activity.

The strike coincided with the political crisis which felled the minority Social Democratic Government of Prime Minister Ingvar Carlsson. Brokers were bracing themselves for a rush of sell orders which, some estimated, would drop the index by another 10 or 15 per cent.

Yesterday's rally was in response to signs that the government crisis may be near a solution, with the formation of a new Carlsson Government. The market had feared the alternative of new elections and the resulting uncertainty in economic policy. But investors will closely watch whether the Social Democrats will shift towards the left, now that the Finance Minister, Mr Kjell-Olof Feldt, and his team of reform-minded advisors have departed.

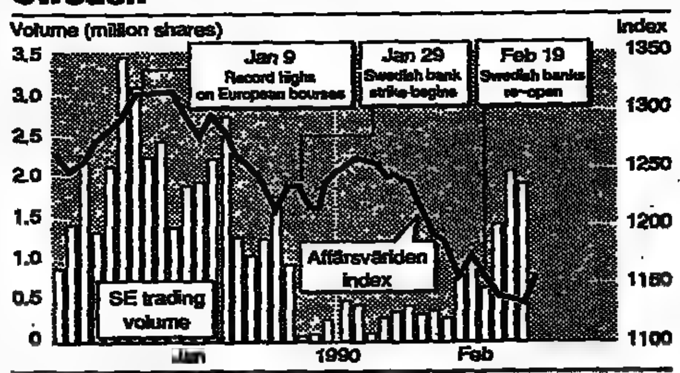
Good corporate results for 1989, say observers, helped prevent the bourse from falling more sharply. Among the stock market's leading companies, Ericsson, the telecommunications group, reported a doubling in profit, while pharmaceutical company Astra's earnings jumped by 23 per cent.

But analysts expect that forthcoming news from other groups such as Volvo, which is expected to show a fall in profits, could be a foretaste of worse results in 1990 and 1991.

This would be caused primarily by an expected weakening in international demand, rather than by the domestic economic problems. Most Swedish companies' sales and much of their production are located abroad.

There are other dark clouds on the horizon. The Government's strategy of raising interest rates to curb currency outflows and support the krona could dampen the merger and acquisition activity, which has helped fuel the bourse's rapid advance in the past.

Sweden



A market surge last December, for example, reflected a series of deals which included a co-operative venture on food and drugs between Volvo, Pharmacia and Procordia; General Motors' acquisition of half of Saab-Scania's auto division; Svenska Handelsbanken's bid for Skanska Banken; and PKbanken's takeover of Nordbanken.

The effects of these deals will linger this year, pending the completion of share purchases. But Swedish companies are stepping up their acquisition drive abroad as domestic conditions grow more difficult.

Institutional investors are following them overseas. With the abolition of foreign exchange controls last year, the gross purchase by Swedish investors of foreign stock was SKr44bn ($7.2bn), equivalent to one-third of the Stockholm's annual bourse turnover, while net purchases amounted to SKr28bn.

The outflow of capital will increase as the big private pension funds join the insurance companies and other institutions investing overseas. Even the wage earners' funds, which were set up by the Social Democrats to promote trade union ownership of Swedish corporations, could take some of their money out of the country.

But liquidity from new sources could largely replace that lost abroad. At the start of the year, permission was granted allowing savers to switch money from tax-exempt bank accounts, which contain a total of SKr70bn, to tax-exempt mutual funds. Several of the national pension funds may also be permitted to invest in the bourse soon.

EUROPE

Sentiment mixed as bourses regain ground

MIXED in the strength of their sentiment, but generally better, continental bourses moved out of their depression yesterday, *writes Our Markets Staff.*

PARIS bounced back with a 1.8 per cent gain after its recent sharp falls. The turnround in the domestic bond market on Wednesday fed through into equities yesterday, and the CAC 40 index gained 33.12 to 1,836.91 in moderate trading. Turnover was estimated at FFr3bn, after the previous day's FFr2.4bn.

Comments by Mr Pierre Beregovoy, the Economics Minister, that inflation in France was under control also encouraged investors, as did a firm opening on Wall Street.

One of the day's most active stocks, Peugeot, the motor group, also made one of the biggest gains, adding FFr47, or 6.7 per cent, to FFr750 after a strong recommendation by a broker based on the share's recent low price. About 276,880 shares were traded.

Several shares which had been depressed made good advances, with Poliet, the construction company, up FFr20 at FFr490 and Colas, the road builder, rising FFr32 to FFr709.

Eurotunnel continued to recover after the resolution of the discord with its contractors, gaining FFr2.45 to FFr60.50.

Union des Assurances de Paris, the state-controlled insurer, was suspended from trading until Monday at FFr645, up FFr2, before a press conference today at which it is due to give details of its long-awaited, FFr10bn capital increase.

FRANKFURT firmed after three days of losses, the DAX index closing 12.96 higher at 1820.15 after a 6.68 rise to 764.90 in the FAZ at midsession. However, volume fell from DM9.1bn to DM7.6bn, and the DAX ended well below its intraday high of 1832.60.

The limited upswing followed a recovery in the domestic bond market, where the average bond yield fell to 9 per cent from 9.04 on Wednesday, and 9.15 on Tuesday; it also followed a 5 per cent drop in the equity market in the first three days of this week.

Carmakers' shares surged after the Federal Car Registry reported a strong rise in January new car registrations in Germany. BMW jumped DM17 to DM642 and Volkswagen climbed DM10.50 to DM555.50.

Another significant gainer was Veba, the chemicals and energy group, which rose DM11.20 to DM435.20. A large sell order, which had depressed the shares in recent days, was finally completed, traders said. However, the company stayed high in the individual volume charts, coming second after Siemens in turnover of DM860m. Its performance yesterday was also bolstered by a surge in earnings at Veba Oel, its oil subsidiary.

ZURICH continued to respond to Wednesday's Ciba Geigy announcement that it planned to open its registered shares to foreigners, and to convert its participation certificates (PCs) into registered shares. Overall volume was moderate but trade in blue chips was lively as investors switched from bearer shares into certificates and registered shares. The Crédit Suisse index rose 3.3 to 610.3.

Switching was active in insurance issues. Zurich Insurance certificates rose SFr100 to SFr2,040 while its bearers fell SFr250 to SFr3,720.

"The Swiss market is moving in the direction of single share category," said Mr Martin Newson, a Swiss market analyst at County NatWest in London. Mr Newson added that big Swiss companies needed to have access to a larger pool of potential equity investment, while smaller ones would be forced to look abroad for cash by rising Swiss interest rates.

"People might plonk their money in PCs and wait," he observed. "They could be getting a vote for nothing."

The banks sector moved higher. Union Bank, due today to become the first of the large banks to publish its 1989 results, saw its bearers adding SFr20 to SFr3,320 while its registered shares fell SFr1 to SFr899.

AMSTERDAM was quiet but firm, encouraged by a rise in domestic bonds and strength on foreign stock markets. The CBS tendency index added 1.3 to 107.6.

Among the most active stocks, Nedlloyd, the shipping and transport company, gained Fl 4.10 to Fl 91.50 and Royal Dutch, which reported a profits increase on Wednesday, rose 50 cents to Fl 144.10. Akzo, the chemicals group which is due to report results on Monday, rose 50 cents to Fl 117.20.

NatNed, the insurer, picked up 50 cents to Fl 70.30 in busy trading after saying it would cancel the listing of its investment arm, Berendaal, in response to the Government's plans to tax share profits made by insurers' investment funds.

MILAN ended mixed and off the day's highs in low volume. Worries about the future of Enimont, the chemical group in which Montedison, and the state-owned ENI each have 40 per cent stakes, weighed on the market, along with uncertainty over the timing of a new capital gains tax. The Comit index rose 0.14 to 662.45.

Enimont itself enjoyed a technical rebound late in the day and closed L21 up at L1,467. It added another L11 after the official close.

Fiat's weakness in late trading dragged down the blue chips. It edged up at the official close but then fell to L9,930 in late trading, L35 below Wednesday's close.

BRUSSELS continued to slide, in spite of the activities of bargain hunters. The cash index fell 14.72 to 5,659.19 in moderate trading.

HELSINKI was dominated by Rauma-Repola's 1989 results. Rauma free shares fell FM1 to FM45 with 500,000 traded. The Unitas all-share index rose 0.3 to 661.

OSLO rebounded in active trading. The all-share index rose 3.3 to 611.46 in volume of NKr580m.

SOUTH AFRICA

TRADING was quiet in Johannesburg, as the leading market indices closed marginally lower. Gold stock Vaal Reefs lost R3 to R395.

ASIA PACIFIC

Nikkei ends higher after day of wild fluctuations

Tokyo

TRADING WAS turbulent yesterday in the wake of Wednesday's setback. Share prices moved wildly up and down before settling with a moderate gain at the close, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average started with a rebound, on an initial burst of buying enthusiasm which took it up more than 400 points, back over the 36,000 level, in the first 15 minutes of trading. This was reversed with a drop of more than 600 before the morning close.

After another leap in the afternoon, the Nikkei dropped almost 200 to finish the day with a gain of 92.51 at 35,826.84. It had fluctuated over a 1,000-point range, from a high of 36,148.34 to a low of 35,087.21.

Volume improved from 473m to 524m shares; 503 issues declined, 455 rose and 169 were unchanged. The broad-based Topix index lost 5.12 to 2,615.09 while, in London, the ISE/Nikkei 50 index rose 0.51 to 1,922.34.

Wall Street's calm reaction to Wednesday's sharp loss in Tokyo came as a relief. As the market opened yesterday, investment funds and institutional investors, mulling over the low levels which Japanese equities had reached, wnet hunting for bargains.

But the market was still shaky. Plunging futures prices triggered alarm in the cash market, while arbitrageurs unwinding their futures positions also contributed to the morning's sudden downtrend.

The mood seemed to repeat itself in the afternoon. On the surface, the market seemed to be recovering, but sentiment had been battered to the extent that investors failed both on Wednesday and yesterday to respond positively to a recovery in the bond market.

"There is still a nagging worry about rising worldwide interest rates," said Mr George Nimmo at SBCI Securities.

Investors, accordingly, were looking for quick returns. Institutions facing the closing of their books were said to be buying in this category whenever the opportunity arose.

Candidates included issues with good earnings. Sharp, a solid earnings company, rebounded after losing heavily on Wednesday on rumours that it would revise its earnings estimates downwards. It firmed Y50 to Y1,330. It was second in volume with 13.1m shares.

A mixture of caution and anxiety took the OSE average more than 335 points lower in morning trading, and below the 37,000 level for the first time since November last year. It recovered towards the close to 37,195.25, down 153.88. Volume fell to 62.7m shares from 71.9m on Wednesday.

Roundup

THE BIG losers on Wednesday regained some ground, while Tokyo's early weakness yesterday depressed Australia.

HONG KONG clawed back more than half of Wednesday's 118-point loss as bargain-hunting drove the Hang Seng index up 65.65 to 2,927.92. Turnover was worth HK$1.4bn, down from HK$1.7bn on Wednesday.

In the morning, interest focused on second and third liners. In the afternoon, attention switched to the blue chips, where there were signs of European buying, pushing them to the top of the most active board.

Properties, which did particularly badly on Wednesday, rebounded. Cheung Kong gained 20 cents to HK$10.50, as did its associate, Hutchison, which finished at HK$9.15.

SINGAPORE also regained some lost ground. The Straits Times industrial index rose 18.11 to 1,562.53 in active trade, having fallen 50.98 points the previous day.

Advances were broadly based, although speculative Malaysian issues – the focus of recent buying sprees – continued to account for a substantial portion of turnover.

AUSTRALIA was weighed down by fears of higher interest rates and by the early weakness in Tokyo, and the All Ordinaries index dropped 15.2 to 1,609.0. A lower bullion price and a stronger local dollar added to the selling pressure on gold and resource issues.

Worries about News Corp's high gearing pushed it 40 cents lower to A$10.30, while Elders IXL fell 5 cents to A$2.37 before reporting six-month profits today. In golds, Placer Pacific lost 8 cents to A$3.20 on a decline in annual profits.

Some issues bucked the trend, with Lend Lease up 10 cents at A$13.35 on news of a 30 per cent rise in half-year earnings.

Bougainville Copper was also stronger, rising 17 cents to 92 cents on hopes that the civil unrest, which has closed the company's Papua New Guinea mine, would soon be over.

TAIWAN continued to fall in the atmosphere of political uncertainty which has followed Tuesday's riots. The weighted index dropped 226.16 to 11,749.13.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 21 1990						TUESDAY FEBRUARY 20 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	143.35	−1.1	123.92	126.14	−0.1	5.32	144.88	126.05	126.28	160.41	128.28	136.31
Austria (19)	257.26	−2.3	222.39	223.11	−2.7	1.19	263.23	229.03	229.21	264.71	92.84	98.15
Belgium (61)	136.16	−2.1	117.71	116.85	−2.8	4.76	139.11	121.03	120.24	160.02	125.58	134.87
Canada (120)	138.06	−0.5	119.35	120.07	−0.5	3.43	138.76	120.73	120.73	154.17	124.67	134.09
Denmark (36)	251.24	+0.7	217.19	219.54	+0.3	1.46	249.38	216.97	218.85	260.82	165.35	172.92
Finland (26)	149.67	−0.1	129.39	123.21	−0.8	2.41	149.87	130.39	123.92	159.16	118.63	145.73
France (125)	144.02	−0.5	124.50	127.70	−1.1	2.94	144.73	125.92	129.12	157.97	112.57	117.64
West Germany (96)	127.92	−0.6	110.58	110.72	−1.2	1.92	128.75	112.02	112.06	137.01	79.56	84.87
Hong Kong (48)	117.10	−4.0	101.23	117.39	−4.0	4.89	122.00	106.15	122.31	140.33	86.41	131.72
Ireland (17)	188.15	−0.1	162.65	166.90	−0.5	2.61	188.35	163.88	167.71	198.57	125.00	144.46
Italy (96)	95.58	−0.2	82.63	88.08	−0.8	2.61	95.79	83.34	88.81	102.11	74.97	81.65
Japan (455)	175.10	−3.0	151.37	160.82	−3.0	0.51	180.43	156.98	165.77	200.11	164.22	196.27
Malaysia (36)	239.14	−2.5	206.73	248.76	−2.5	2.13	245.32	213.44	255.10	245.32	143.35	157.84
Mexico (13)	373.64	−0.4	323.01	1115.67	−0.3	0.46	375.00	326.27	1118.50	375.00	153.32	162.16
Netherland (43)	135.26	−0.4	116.93	115.82	−1.0	4.64	135.78	118.14	116.98	145.66	110.63	114.71
New Zealand (18)	64.84	−2.3	56.05	58.47	−1.8	5.90	66.38	57.75	59.53	88.18	62.64	70.61
Norway (24)	233.52	−1.6	201.88	204.21	−2.0	1.49	237.42	206.57	208.42	241.98	139.92	170.76
Singapore (26)	192.90	−2.4	166.76	165.34	−2.3	1.76	197.62	171.94	169.29	199.38	124.57	141.77
South Africa (60)	213.84	−1.0	184.86	169.14	−1.0	3.42	216.05	187.98	164.83	251.39	115.35	127.00
Spain (43)	152.01	−1.0	131.41	124.20	−1.3	4.23	153.51	133.56	125.63	169.75	143.14	143.65
Sweden (35)	179.14	−0.1	154.86	161.37	−0.8	2.26	179.23	155.94	162.39	206.95	138.45	152.61
Switzerland (62)	96.19	−0.5	83.15	87.93	−1.2	2.04	96.70	84.14	88.97	99.12	67.81	77.28
United Kingdom (306)	157.74	−0.2	136.37	136.37	−0.8	4.68	158.01	137.48	137.48	164.31	133.28	150.87
USA (542)	132.60	−0.1	114.63	132.60	−0.1	3.58	132.78	115.52	132.78	146.29	112.13	120.51
Europe (989)	140.27	−0.4	121.26	121.74	−1.0	3.54	140.87	122.56	122.99	146.66	112.63	119.87
Nordic (121)	188.71	+0.1	163.14	160.61	−0.4	1.86	188.57	164.06	161.26	201.88	137.95	148.22
Pacific Basin (667)	171.76	−2.9	148.48	157.79	−2.9	0.76	176.90	153.92	162.52	194.72	160.44	191.06
Euro−Pacific (1656)	159.39	−2.0	137.79	143.48	−2.2	1.76	162.70	141.56	146.77	174.18	141.56	162.58
North America (662)	132.83	−0.2	114.83	131.81	−0.2	3.57	133.04	115.75	132.02	146.66	112.79	121.22
Europe Ex. UK (683)	128.38	−0.6	110.99	112.68	−1.2	2.77	129.15	112.37	114.01	135.73	96.30	100.89
Pacific Ex. Japan (212)	131.46	−2.2	113.64	119.53	−1.6	4.77	134.37	116.91	121.53	140.05	111.93	128.71
World Ex. US (1849)	159.30	−2.0	137.71	143.18	−2.2	1.82	162.51	141.39	146.37	173.77	141.49	161.23
World Ex. UK (2085)	147.90	−1.5	127.86	139.88	−1.6	2.13	150.21	130.69	142.20	162.00	136.98	145.04
World Ex. So. Af. (2331)	148.38	−1.4	128.26	139.35	−1.6	2.36	150.49	130.94	141.55	161.84	136.67	145.65
World Ex. Japan (1936)	136.66	−0.4	118.14	128.64	−0.6	3.60	137.16	119.33	129.39	145.52	114.51	121.14
The World Index (2391)	148.76	−1.4	128.60	139.51	−1.6	2.37	150.89	131.28	141.71	162.05	136.68	145.53

Latest prices were unavailable for this edition. Trading on the Helsinki exchange has been reduced following a banking employees dispute.

JOBS

Hope dashed ● High-fliers in City banking

By Michael Dixon

HEAVEN knows the Jobs column has tried. For over eight years now I've kept the bête noir in question quietly caged although somebody or other has fed it anabolic steroids almost daily.

The goad that brings it smashing through the bars is somewhat different from the one behind the last outbreak, in late 1981. The provocation then was the continual arrival of press releases and the like about products claimed to be intended for the "*small businessman*".

As I pointed out at the time, the epitome of the small businessman in that spelling was Sir Michael Edwardes, then chairman of British Leyland, who is 5ft 3½in high. Since the said products were obviously not designed exclusively for males of compact frame, what they were really meant for was presumably the small-business man or woman.

Given the simple hyphen's power to clarify meaning, I said, my hope was that more use would be made of it.

Today I regret ever saying so. For it's clear that oddities like miniature businessmen bred by omitting hyphens, are as nothing to the bizarre creatures that can be called into the world by using same wrongly. Take for a finally patience-destroying example the species conjured up by an advertisement under this column last week. It was:

OFF-BALANCE SHEET MARKETEERS

Now it might be thought that, even without previous knowledge of their existence, anyone who understands English could work out what kind of staff the advertiser is seeking. They are clearly people who fall over themselves to sell bed linen.

But while that might be the plain message of the job-title to the great majority of folk leading healthy and normal working lives outside the City of London, the fact is otherwise. The real target of the ad is specialists in marketing certain finance deals not identifiable in the periodic statements valuing companies' worth.

In short, the job-title is written, not in English, but in the gobbledegook peculiar to the finance sector.

Pay pointers

FURTHER excresences of it appear in the table up to the right, which is the product of two coincidences.

The first is an admission by Don McClune of Noble Lowndes that he and fellow pay guru Helen Murlis of Peat, Marwick, McLintock once worked out a measure for identifying Britain's high-fliers. They are defined as "people with at least £1,000 of salary for every year since their birth."

The second coincidence is the arrival of the latest survey of City-banking pay, made by the Jonathan Wren recruitment consultancy. Anyone wishing to know the standard type of statistical data it contains will have to contact Roger Steare at No. 1 New St, London EC2M 4TP; tel 01-623 1266, fax 01-626 5258.

For I have concentrated on an indicator appearing in the survey for the first time. It is a "typical" figure for each type of work, in terms of a salary at a specified age.

That, together with the McClune-Murlis measure, has enabled me to work out which kinds of staff typically qualify as high-fliers. As may be seen, despite the ills that have befallen some parts of the finance-sector, there are no fewer than 29 of them although some categories include not only the highest rankers in the field, but those one step down.

Being far from fluent in City-speak, I have left the titles largely as they are in the survey report. But it might help mere English-speakers to know that the aforesaid unstable sheet marketeers rank third under the further alias of "Swaps and derivatives dealer".

My only real attempt at translation appears in seventh place. Regardless of any value-judgments on the topic, "plutocracy-promoting executive" is surely a shorter if not better indicator of what such people do than the survey's: "Private banking marketing executive" selling a range of products to "High Net Worth individuals."

On the general plane, the report says the overall pay increase in the sector over the past year was 8.8 per cent, and adds: "The recent Ford settlement at 10.2 per cent may well signal the beginning of relative wage depression in the City.

"However, it must be said that absolute salary levels are still high and that fringe benefits have substantial value. In particular, the mortgage subsidy has protected many City employees from recent interest-rate rises. With a typical scheme subsidising a mortgage of £50,000 to 5 per cent, this means a cash subsidy of £5,000 per annum, twice what it was when interest rates were at 10 per cent."

TYPE OF STAFF	Typical salary at quoted age £	yrs	£ per yr of age	TYPE OF STAFF	Typical salary at quoted age £	yrs	£ per yr of age
FX/treasury manager	73,000	39	1,872	Corporate-client dealer	35,227	29	1,215
Foreign exchange dealer	49,686	30	1,656	Eurobd syndications mgt*	35,000	29	1,207
Swaps & derivatives dealer	*50,944*	*31*	*1,643*	*Corporate finance exec*	36,161	30	1,206
Investment marketing exec	51,538	36	1,432	Personnel management*	35,990	31	1,161
Internatl equity fund mgr	43,192	31	1,393	Eurobd settlements mgt*	37,500	33	1,136
Project finance executive	46,250	34	1,360	Accounts management*	36,000	32	1,125
Plutocracy-promoting exec	45,854	34	1,349	Loans admin manager	35,400	32	1,106
Eurobond sales executive	39,041	29	1,346	Legal officer	34,166	31	1,102
Fixed-income fund manager	45,681	34	1,344	Equity trader	32,400	30	1,080
*General management**	60,000	45	1,333	*Eurobond trader*	31,750	30	1,058
UK equity fund manager	43,754	33	1,326	D-P manager	35,921	34	1,057
Eurobond mkts mgt	42,069	32	1,315	LIFFE broker/trader	29,414	28	1,051
Fixed-income sector analyst	43,250	35	1,236	Credit manager	40,875	39	1,048
Equity sales executive	40,656	33	1,232	Branch management*	42,225	41	1,030
Lending manager	46,785	38	1,231				

(*Includes Number 2s as well as overall chiefs.)

FX openings

HEADHUNTER Dudley Edmunds of Trading Places International seeks two *foreign-exchange dealers* – one chief, the other just senior – for separate City banks he may not name. So he promises reciprocally confidential treatment to applicants who request it.

Both posts require success in FX dealing, mainly in spot positions for the senior, but in forwards as well for the chief who will also need proven managerial skill.

Salaries up to £75,000 at the higher rank, and up to £60,000 at the lower, with usual City banking perks.

Inquiries to 31 Craven St, London WC2N 5NP; tel 01-839 5017, fax 01-925 2275.

The Mortgage Corporation

Treasurer

c. £50,000 Package — Surrey

A high profile Treasurer's position in a dynamic business where outstanding interest risk management skills are key to the commercial success of the company.

THE COMPANY
- Britain's largest and most successful central mortgage lender.
- Rapidly expanding market share, lending £3bn to over 55,000 borrowers.
- Dynamic management team committed to innovation,quality and service.

THE POSITION
- Manage treasury dealing and support teams.
- Develop and negotiate new credit facilities and innovative *sources of loan finance.*
- Key role in management of interest rate risk on £3bn debt to fuel new product origination through Swaps and FRA's, Caps and other derivatives.

QUALIFICATIONS
- Ambitious, pro-active corporate treasurer or banker, aged 28-40. Significant management ability.
- Experience both of dealing and financial negotiations.
- Intellect and creativity to master the most complex financing instruments, facilities and documentation.

Please reply in writing, enclosing full cv,ref BJ0734
NBS, Bennetts Court, 6 Bennetts Hill,Birmingham, B2 5ST
(Interviews in London)

NB SELECTION LTD
BIRMINGHAM • 021-233 4656
LONDON • 01-493 3383 • GLASGOW • 041-204 4334
SLOUGH • 0753 694844 • HONG KONG • (HK) 5 217138

UK Corporate Marketing

c £50,000 Package — City

Gifted, ambitious young corporate lending professional sought to join a small specialist team in a fast growing international bank to develop a portfolio of middle market corporate clients. Significant management prospects within this growing organisation.

THE COMPANY
- Young, respected European Bank, well established in the UK and jointly owned by two substantial international financial institutions.
- Strong, capital base, excellent profit record and fast growing UK business.

THE POSITION
- Senior member of small, successful team, reporting to an Executive Director and supported by an Assistant. Servicing a range of existing clients and developing new business.
- Develop the market profile of the Bank, growing asset based and off balance sheet revenue streams. Negotiating with clients at the highest level, structuring and managing transactions.
- High profile position at the core of the Bank's strategic positioning for the 1990's.

QUALIFICATIONS
- Successful corporate marketing specialist, having had a structured training and at least five years experience with a recognised US or European bank.
- Strong credit skills combined with a developed knowledge of treasury products including derivatives.
- Imaginative, energetic team player. Aged 28-34 with the drive and ambition to prosper in a dynamic environment. Committed to the highest professional standards.

Please write enclosing full cv,Ref J0628
54 Jermyn Street, London, SW1Y 6LX

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Japanese Equity Sales

Our client is one of the world's leading financial institutions, with an established name and presence in all major markets.

The success of their Japanese Equity Sales group is founded on strong team spirit backed by excellent research.

They now wish to further strengthen their London team by appointing an additional Salesperson, whose knowledge of the markets and good client contacts will have been developed through at least three years' relevant experience in sales or fund management.

A competitive basic salary will be offered and there is the opportunity to earn substantial bonuses linked to the achievement of targets. The normal range of benefits associated with a position of this seniority will also apply.

If you consider you have the qualities necessary for this demanding environment please write with a full CV to Michael Swaine, B&B Selection, 197 Knightsbridge, London SW7 1RP, listing separately any company to whom your details should not be forwarded as replies will be sent direct to our client.

B&B
B&B Selection
197 Knightsbridge, London SW7 1RP.

MARKET OPPORTUNITIES

Jackson Shires is a newly established Recruitment Consultancy aiming to provide specialist recruitment services within Foreign Exchange and Derivative Products. For more detailed information please contact either Sean Lord or Michael O'Leary.

CHIEF SPOT DEALER ...000
Our client is looking to recruit a Spot dealer with at least 4 years' experience ... and manage this International Banks Spot Desk. You will be able to trade eith... currency position, and possess the necessary energy and vision to direct the established team.

CORPORATE DEALER ...000
A newly established New Products specialist is required to provide a pricin... facility to an existing client base on Interest Rate and Currency SWAPS an... under 30 years of age and have 1-3 years' experience.

LEGAL COMPLIANCE OFFICER — NEW PRODUCTS
We are working on the behalf of a major Far Eastern Bank. Their need is ... legal screening within New Products. As a qualified solicitor you will hav... to the Underwriting of New Issues, legal documentation for Interest Rate and Cu... SWAPS. This is a new position, offering the potential to have an influential role.

ACCOUNTANTS/ANALYSIS — ACA (x2) c£32,000 + NBB + CAR
Our clients European Leveraged Capital Group is looking for two analysts to evaluate risk in off-balance sheet finance using credit analysis. The successful candidate will be ACA with fluency in either French, Italian or German. Extensive European travel is an important factor within the position.
Contacts: Sean Lord, Michael O'Leary

109 OLD BROAD STREET, LONDON EC2N 1AP
TEL 01-628 6020 FAX 01-628 7781

JACKSON SHIRES

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For further information please call:
01-873 3000
Jennifer Hudson ext 3607
Richard Huggins ext 3460
Adam Futeran ext 3559
Stewart Maddock ext 3392

·PEARSON·

ASSISTANT TREASURER

London

c£25,000

Our client, **Pearson plc**, is the UK quoted holding company of a worldwide group whose principal business sectors are information and entertainment, investment banking, oil services and fine china. The group has an impressive profit record and is committed to continued growth.

Working as a member of a small, professional team based in the corporate headquarters, the Assistant Treasurer will be involved in all aspects of treasury management. With specific responsibility for day-to-day money market and foreign exchange activity, he or she will make an important contribution to the effective management of the group's resources. Developing and maintaining contacts with financial institutions, the Assistant Treasurer will also have considerable exposure to senior management within the headquarters and at the operating companies.

In their mid 20s, applicants should be numerate graduates ideally with practical experience in treasury or a related field.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference *H/900/F*.

MAJOR US INVESTMENT BANK

EQUITY OPTIONS AND RATE SWAPS TRADER

London
Age 24-34

Trader c£60,000 + Bonus + Benefits
Assistant Trader c£35,000 + Bonus + Benefits

The expansion of a private placements team in Tokyo, along with growing penetration into European and US pension funds, has generated an exceptional opportunity for an equity trader who will also price related interest rate swaps.

Based in London and supporting Tokyo, Australia and New York on structured deals, the successful applicant will be a bright trader or swaps marketer.

Academic excellence and willingness to learn are essential while systems experience with Sun computers, Unix and APL would be preferable.

The rewards for success will be outstanding; bonuses will be related to performance, and the applicant who meets expectations can expect the bonus to exceed 100% of basic salary.

We are seeking an exceptional individual who will grasp the complexities of potential transactions, adding to the creativity of this innovative team. The position will report to the Director of Options and Arbitrage.

If you have the talents we are seeking, please contact Bianca Coulter on 01-437 0464 for an initial discussion, or send a career history to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Jonathan Wren Executive

SENIOR MANAGER - PRIVATE BANKING
c£50,000 + Benefits

Outstanding manager, with considerable private banking experience and strong communication skills, is required for the marketing/development of a portfolio of high networth private clients. If you are interested in joining a bank with commitment to this sector:

Please contact Norma Given on 01-623 1266.

FIXED INTEREST INVESTMENT
c£40,000 + Benefits

An opening has arisen to head up a small team managing global fixed income securities. Responsibilities will include investment strategy and marketing. The successful candidate will be required to bring committed institutional or private client funds or be able to build such funds at an early date.

Please contact Martin Symon on 01-623 1266.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TF
Telephone: 01-623 1266 Fax: 01-626 5258

PRIVATE CLIENT STOCKBROKERS
(Peterborough based)

Waters Lunniss, with offices in Norwich, Great Yarmouth and Peterborough, is the stockbroking division of Norwich and Peterborough Building Society. The company offers advisory and discretionary portfolio management and a very competitive and popular execution-only sharedealing service.

Waters Lunniss is seeking a private client stockbroker with their own business to a value of at least £40k per annum. Responsibilities will include obtaining and developing business for the company in the City of Peterborough and surrounding areas, in addition to servicing own clients. The successful applicant will be a member of the Stock Exchange, have good communication skills and be enthusiastic to procure profitable broking business.

In return Waters Lunniss offers a good basic salary, car, attractive commission package, a pleasant modern working environment in the 'rural city' of Peterborough and, above all, the opportunity to participate in the success of an innovative and professional firm of brokers.

To apply for this post, please send a CV to:
Philip R. Dearing, General Manager (Operations),
Norwich and Peterborough Building Society,
Chief Office, Peterborough Business Park,
Peterborough, PE2 0FZ

Shepherd Little & Associates Ltd
Banking Recruitment Consultants

MARKETING EXECUTIVE MAJOR EUROPEAN BANK
c£35,000 + Car

As part of the strategic strengthening of its corporate lending team in the UK, this leading international bank is seeking a seasoned City professional with good UK contacts. Candidates who will be fluent in French, must have a sound analytical and banking background, *but above all else they should actively enjoy extending contacts* and doing deals at the 'sharp-end' of the business. The job will entail developing a portfolio of clients who are subsidiaries of French companies located in the UK.

Please contact Brenda Shepherd.

SENIOR CREDIT ANALYST
To £25,000

Currently we are handling two assignments with leading City banks searching for well qualified and experienced credit analysts. For either of these demanding roles we seek talented individuals who can bring their analytical skills into a challenging growing and complex corporate lending division. To reflect the seniority of the positions we are looking for a good banking background, at least three years credit experience, an ability to train others, and clear communication and report writing skills. Candidates aged between 25 and 37 may be asked to provide recent samples of their work.

Please contact Caroline Huddart.

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

INTERNATIONAL TRADE

At least 5 years experience, knowledge of Accounting helpful. Sell comprehensive software for integrated data processing system, attractive to organizations buying/selling/trading most any products. Knowledge of computers beneficial. Product currently being successfully sold in the U.S. Require strong individual who can hopefully develop a total sales, marketing and support organization. London to be central location. Interviews in London early March.

Salary and compensation open. Company is 13 years old with excellent references and track record.

Write Box A1486, *Financial Times*, One Southwark Bridge, London SE1 9HL

EXPERIENCED EQUITY SALESPERSON (PRIVATE CLIENTS)

Required to join the UK Equity Division of an expanding financial group. Please write enclosing your C.V. to:-

Nicola Mitchell Vantage
Financial Management, Premier House,
Greycoat Place, London SW1P 1SB
Telephone:- 01-233-2058

'Members of FIMBRA'

LONDON SE1 to £30,000 + BENEFITS

Settlements Manager

Our client is a major blue-chip group which is currently undergoing extensive reorganisation and expansion. As part of this process, a new organisation is being established which will ensure the timely, accurate and secure transfer of funds each day between industry members.

Playing a key role in establishing this business, you will be responsible for credit control and the identification of credit risk, the administration and documentation of payments, ensuring payments are made, and making banking arrangements. You will liaise with external professional advisors and produce management information. You will also manage a team of eight staff.

You may currently be Head of a Bank Pay and Receive or Settlements Department in the City or occupy a similar role in industry. Good accounting and systems experience is required. An accounting qualification would be an advantage. You will have a meticulous approach, together with excellent organisational and administrative abilities. Good interpersonal skills and the ability to work under pressure are also essential.

Please send full personal and career details in confidence to Christopher Evans, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5369/FT on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 23 April 1990.

Coopers & Lybrand Deloitte | Executive Resourcing

DEALERS

Corporate Dealer to £45,000

A Corporate Dealer with at least three years experience is currently sought by this leading International Bank to complement its existing established desk. The successful candidate will possess a sound knowledge of Foreign Exchange and Treasury, along with proven marketing skills. As the Bank is currently seeking to develop its European client base, fluency in French would also be advantageous.

Senior Futures Dealer to £45,000

We have been retained by this respected European Bank with an established City presence to seek a Senior Futures Dealer. Suitable candidates are likely to be aged 28-35 with at least three years experience trading Sterling or US Dollar Futures at an active name. The successful applicant will be responsible for establishing a new Financial Futures function and as such will require both a sound trading background, together with the necessary leadership qualities to develop the desk at a bank fully committed to the Off Balance Sheet market.

Deposit Dealer to £50,000

Our client, a respected Merchant Bank, currently has an opening for a Deposit Dealer. It is envisaged that the appointee will be at senior status at present and is likely to have at least four years experience in the US$ markets. A knowledge of Off Balance Sheet instruments for hedging purposes would also be of benefit as the bank has further expansion plans in this area.

Foreign Exchange Manager £70,000-£85,000

On behalf of our client, a major International Bank, we currently seek to recruit a Foreign Exchange Manager. Applications are invited from individuals with at least ten years experience in the Foreign Exchange markets, who possess both proven managerial skills and stable career records at active trading banks.

Chief Spot Dealer to £60,000

An opening currently exists at this respected International Bank for a Spot Dealer with at least four years experience to "head up" the Bank's existing Spot desk. A proven track record actively trading a major or cross currency is required, together with the necessary man-management skills to direct and develop a team of traders.

Off Balance Sheet Manager £70,000-£85,000

Due to the current expansion programme of this first class International Bank, we are currently seeking to recruit an Off Balance Sheet Manager. The appointee will be responsible for the establishment of a new function as the Bank seeks to diversify its trading activity into the Futures and FRA markets.

Dealers interested in discussing these or the many other dealing vacancies currently handled, are invited to call either Gordon Brown or Steve Cartwright for a confidential, informal discussion.

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS

5TH FLOOR, 2 LONDON WALL BUILDINGS,
LONDON EC2M 5PP
TEL: 01-628 7601 FAX: 01-638 2738

Gordon Brown

Group Business Development Director

Up to £40K + Bonus

Our client, a major UK Plc. with diverse interests has already achieved enviable growth and success in the 80's with a turnover of around £600 million. They are now looking for an enterprising Business Development Director to assist in the realisation of the group's progressive expansion programme in both the UK and Europe

The individual appointed will be responsible for all aspects of business development, including the identification of new business opportunities, the preparation of business plans and strategies and will play a central role in acquisition appraisal and negotiation.

The successful candidate aged in their early 30's will have an MBA or equivalent qualification and should have mergers and acquisitions experience in a merchant banking or commercial organisation. The individual appointed will need to establish immediate credibility with Board Members and external parties and must be able to demonstrate a high level of business acumen.

In addition to the competitive salary indicated there will be a bonus of up to 30% of salary, a company car, free medical insurance and a contributory pension scheme. Relocation expenses will be provided if necessary.

Interested candidates should send full career and salary details to:
Joanna Farrelly, Execusearch, Montana House, 2 Bearfield Road, Kingston, Surrey KT2 5ET. Telephone: 01-547 3040.

EXECUsearch
PRECISE MANAGEMENT SELECTION

CREDIT EXPOSURE
£$BILLIONS£$
ANALYSE/EVALUATE/REVIEW

ICONOCLASM and CREDIT RISK ANALYSIS are normally mutually exclusive terms as most appointments in this field are routine, mundane or both.

This new vacancy has to "ride the two horses" requiring cerebral input from an experienced graduate probably aged 30 plus, who has experience in one of the blue chip credit agencies or through a key position with an investment or merchant bank.

Our client's credit exposure to major banks, insurance companies, lease counterparties etc, is an emotive and subjective *issue, especially when* prepared within a complex structure. The role of this new senior appointment is two-fold:–

- ★ to cut through the subjectivity and emotion and be critical in order to produce added valued analysis.
- ★ to make recommendations and have the stature and credibility to persuade the iconoclasic (in the sense of critical of traditional concepts), yet fundamentally prudent minds of Directors running this growing, successful unit, who both provide and buy credit.
- ★ Salary and bonus indicator negotiable around £35,000 plus banking benefits.

Please send in strict confidence, a comprehensive curriculum vitae, including details of current remuneration and a daytime telephone number.

Your curriculum vitae will not be released to any third party without your prior express permission.

HODGSON IMPEY

Peter Willingham (Ref 107)
Managing Director
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An Assistant General Manager appointment

Experienced Commercial Banker, well versed in property lending at the highest corporate level

c.£45K + Executive bonus + Car · Northampton

Nationwide Anglia's track record in recent years has been one of continuous growth and consistent innovation. Ever alert to new opportunities, we were the first Building Society to move into the commercial loans market as a strategic diversification from residential property lending.

The successful first phase of this strategy has taken our loan portfolio close to the £1 billion mark. Activity is split into the three broad areas of Commercial Lending, Housing Associations and Building Development Finance. The time is now right to step up the pace of development, and the appointment of an Assistant General Manager is critical to the future.

The brief involves control of major loans and the management of a 40-strong team. You will negotiate directly with corporate clients at Director level and subsequently oversee loans through to redemption. At the same time you will be injecting new ideas and shaping imaginative strategies for long-term development, with the potential of Europe post-1992 a key factor.

An ACIB qualified Commercial Banker, preferably a graduate, with extensive experience in property-related lending, you have the technical expertise, the presence and the mental dexterity to negotiate confidently and successfully with clients at the highest corporate levels. You are well versed in controls and systems and alert to ways of improving them. Probably aged late 30's to early 40's you have reached your present position via the fast track and are now ready for a new and altogether more promising challenge with real prospects of personal development and promotion.

The negotiable salary is supported by an attractive package which includes executive bonus, fully expensed car, concessionary mortgage, BUPA and generous relocation assistance where appropriate. (*It is considered unlikely that anyone currently earning less than a package of £40K will have the experience required for this position.*)

Please write with full C.V., including current earnings, quoting reference FT/1, to:– Richard Wharton ACIB, Personnel Administration Manager, Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW.

Closing date for applications 9th March 1990.

Nationwide Anglia is an equal opportunities employer.

Nationwide Anglia Building Society

Ulster Investment Bank Limited

A member of the National Westminster Bank Group

Ulster Investment Bank Limited, a leading merchant bank with total assets of IR£1.3bn provides a comprehensive range of quality services to major corporate clients. As a result of continued growth in business in all areas, we now wish to make the following appointments:

CORPORATE FINANCE EXECUTIVE

The successful candidate will be based in our Belfast Office and must have a thorough working knowledge of private company mergers and acquisitions.

The preferred age range is 25 to 35 years and applicants should have:

- An ability to initiate and execute a variety of advisory assignments
- Experience in marketing, negotiating and financial analysis
- An honours business degree or accounting qualification
- Good communication skills with an ability to develop close personal relationships at a senior level.

ASSET MANAGER – EQUITIES

Ulster Investment Managers is the investment management subsidiary of Ulster Investment Bank responsible for the provision of specialised services to a wide range of clients. The successful candidate will join a team of asset managers based in Dublin responsible for the management of client funds in excess of IR£600m.

The preferred age range is 27 to 35 years and applicants should have:

- An honours business degree or accounting qualification
- Experience in Equity Investment Analysis
- Good communication skills
- A background in investment management or stockbroking.

These positions will provide successful candidates with excellent career prospects in a fast-growing financial institution.

Salary and benefits will be attractive and consistent with the remuneration policy of a leading merchant bank.

Please write in strict confidence enclosing a detailed Curriculum Vitae to:

Niall P Glynn, Head of Personnel,
Ulster Investment Bank Limited,
2 Hume Street, Dublin 2.

Acquisition Finance

City **£Negotiable**

Our client is the London operation of a leading North American bank with a high profile in the leveraged acquisition field. They have established a reputation as a leading participant in the LBO and MBO arena and are looking to build on this with the addition of an experienced relationship manager.

We invite applications from bankers aged around 30 with experience of managing medium to large UK corporate relationships. Ideally you will be an ACA with a minimum of twelve months post qualification experience, gained within a corporate finance function. You will also have a good training in credit analysis with a particular bias towards cash-flow analysis.

You must be a confident self-starter as you will take immediate responsibility for a client portfolio and will be expected to be able to identify new business opportunities. There is considerable potential for future development within this expanding department. The remuneration package will be attractive for the right candidate.

Interested applicants should contact **Ann Semple or Charles Ritchie on 01-831 2000** or write enclosing a full curriculum vitae to **Michael Page City, 39-41 Parker Street, London, WC2B 5LH.**

Michael Page City
International Recruitment Consultants
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Mergers & Acquisitions £50,000+

International Bank seeks a Senior Manager to provide UK expertise concentrating on M&As, Private Placements, Financial Structuring and Underwriting. Responsibilities include identification of business opportunities, preparation for assessment of credit implications, monitoring development of new business products and assisting in the Bank's marketing promotions. Experience in a Corporate Finance related area essential and a knowledge of Stock Exchange "Yellow" and "Blue" books highly desirable.

Corporate Finance £30,000

City Bank seeks to increase its involvement in profitable leveraged transactions and requires an individual to join at Assistant Manager level to carry out front-line development and competent deal analysis covering prospective leverage transactions, management buy-out and buy-ins, structured scheme deals, acquisition/mergers, etc. In addition, to police relevant loan documentation ensuring the Bank is adequately protected. Good interpersonal and analytical skills are essential along with a thorough understanding of cash flow scenarios and computer modelling.

Analyst – Europe/UK to £30,000

European Division of leading International Bank seeks a graduate Research Analyst to cover industries and corporates in the UK and Continental countries in support of the Bank's subsidiaries and branches for business promotion and marketing strategy decisions. Contact will be maintained with specialists in assigned sectors for analysis and presentation to management worldwide at their request. Three year's experience in a financial institution essential together with a knowledge of accountancy and some degree of industrial sector analysis.

Project Finance up to £40,000

Due to further high-profile involvement in project finance activities, major Bank seeks a Manager to develop its presence in the market with emphasis on Engineering and other related sectors in the UK and European markets. He/She will be expected to initiate and implement participation in viable projects and structure and design financial packages. A combination of marketing, managerial and Project Finance experience is essential and an Engineering background would be advantageous.

Aircraft Finance £30,000

City Bank plans to take significant positions in Aircraft financing and seeks specialist expertise in the establishment and development of Aircraft business in Europe, Africa and the Middle East whilst also maintaining relationships with manufacturers and end-users, bankers and suppliers, ensuring maximum opportunities for joint or reciprocal financing arrangements in the UK and abroad. Previous experience of project evaluation and airline industry knowledge is required along with practical experience of computer modelling techniques, management ability and negotiation/marketing skills.

Analyst – Commodities Desk c£20,000

Commodities arm of leading International Bank seeks an Analyst, aged mid 20s, to assist in the control of credit and associated exposure to risk arising from the trading activities of the London office. The successful individual will have the ability to interact effectively between traders and credit related areas to provide and obtain information and to review/evaluate this material for credit approval. An appreciation/experience of the mechanics of international trade would be advantageous, as would a knowledge of shipping procedures.

For further information please telephone or send your CV to Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel: 01-638 5286 Fax: 01-382 9417

JOSLIN ROWE Banking

INTERNATIONAL APPOINTMENTS

GENERAL APPOINTMENTS

LEGAL NOTICES

CURRAN OILS LIMITED

Registered Number: 1029202

Nature of Business: Property Holdings Company
Trade classification: 35
Date of appointment of joint administrative receivers: 6 February 1990
Name of person appointing the joint administrative receivers: Hill Samuel Bank Limited
Michael Anthony Jordan and Malcolm John London Joint Administrative Receivers.
(Office holder nos 2172 and 2082)
both of
Shelley House
3 Noble Street
London EC2V 7DQ

HANDLEWARD LIMITED

Registered number :1652488
nature of business:Holding Company.Trade classification: 03
Date of appointment of joint administrative receivers
1 February 1990
Name of person appointing the joint administrative receivers Gulf Oil (Great Britain) Limited
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 056 and 141)
Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ

COMPANY NOTICES

CONTINENTAL (BERMUDA) LIMITED
US$250,000,000
Floating Rate Notes due 2006
Guaranteed by Hungarian Foreign Trade Bank Ltd

Notice is hereby given that for the Interest Period 22nd February, 1990, to 22nd May, 1990, a period of 89 days, the Rate of Interest will be 8.625 per cent per annum. The Interest Amount payable on the Interest Payment Date 22nd May, 1990 will be US$5,330.73 for each Note of US$250,000.

Agent Bank
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ACCOUNTANCY COLUMN

Lords' decision on liability of auditors

By Tim Hardy

EARLIER this month the House of Lords decided in Caparo Industries v Dickman & Others that the auditors of a company have no liability to members of the public or existing shareholders who suffer a loss as a result of purchasing shares in reliance on negligently-audited accounts.

Caparo claimed damages from the auditors, first as an investor who had no relationship with the company, and second as a shareholder who purchased more shares. Both claims were rejected.

Consequently investors, creditors, predators and even individuals who are existing shareholders and who rely on audited accounts when making investment decisions have no recourse against the auditors.

The rejection of the first claim was no surprise as it had been rejected both at first instance and by the Court of Appeal. Also a review of recent cases reveals a distinct trend to limit the extent to which professionals and others are liable for negligent mis-statements.

During the 1960s and 1970s the range of liability for negligence expanded and in Anns v Merton, Lord Wilberforce set a formula which could be applied to any circumstance.

This formula was applied in JEB Fasteners v Marks, Bloom & Co 1981 and resulted in an auditor being held liable to a third party who purchased a company in reliance on audited accounts which had been negligently prepared.

However, in Peabody v Parkinson 1984 the House of Lords put an end to the expansion and the law of negligence has been in reverse ever since. In his judgment in Caparo, Lord Bridge dismissed the concept of a single formula to provide a ready answer in every case. Now it is only possible to form a view whether liability exists by reference to decided cases which fall into the same category of circumstances under scrutiny.

The Law Lords have adopted such a radical change of policy because of a fear that the English legal system, and for that matter commerce, would become submerged in a rising tide of negligence actions, as has happened in the US, with large damages awards and unmanageable professional indemnity insurance premiums.

If the purpose of an audit is only to enable shareholders to exercise their powers at the AGM, why are the accounts filed?

The argument that a decision in favour of Caparo would "open the floodgates" to an uncontrollable rush of claims against auditors was dismissed by Bingham L.J. in the Court of Appeal.

In his judgment, he said: "It was unrealistic to envisage auditors being subjected to hundreds of thousands of claims as a pharmaceutical manufacturer might be.

"The reality is that the greater the number of claims the smaller each must necessarily be, and the smaller the claim the smaller the chance that the shareholder will embark on an expensive action."

It is, of course, right to protect against the prospect of the excesses of US negligence actions being repeated in England. However, because trials of commercial disputes in England are heard before a judge alone, we are unlikely to experience excessive awards of damages that have resulted from jury trials of civil actions in the US. Further, the class of shareholders to which an auditor reports is not indeterminate. The composition of the class changes, but the members of it can be determined at any instant.

In Caparo, Lord Bridge found that to hold the maker of a statement liable to all and sundry for any purpose they chose would confer on the world at large a quite unwarranted entitlement. He acknowledged that in the case of physical damage to person or property, as opposed to purely economic loss, then a liability does exist to the world at large.

Historically, the law has recognised this distinction. But in an age when the Government is seeking to secure wider share ownership and personal responsibility for pension arrangements, it seems anachronistic for the courts to distinguish between someone who suffers from buying contaminated ginger beer and a pensioner who loses his life savings as a result of an investment decision made in reliance on negligently audited accounts.

The key to the question of liability, according to Lord Oliver, was the purpose behind the legislative requirement for the carrying out of an annual audit and the circulation of the accounts.

He reviewed the history of the legislation and traced the developments whereby the accounts and auditor's report were sent to every member of the company before the annual general meeting.

He recognised that this was not solely to assist those interested in attending the AGM, but concluded that he could not discern in the legislation any departure from the original, central and primary purpose of these provisions: namely the informed exercise by the members of the power vested in them by virtue of their proprietary interests.

He entirely overlooked the fact that one of the most potent rights vested in the shareholders is the ability to sell shares. The audited accounts are one of the main factors which shareholders rely on to determine how to manage their investment.

Further, and more importantly, pursuant to the Companies Acts, the accounts and auditor's report are filed at Companies Registry where they are available for perusal by the public.

If the purpose of the audit was only to enable the shareholders to exercise their powers at the AGM, why do the accounts have to be filed?

The whole concept of public limited companies is to make it possible for the public to invest in them. The accounts, of course, are published to enable the public to judge the worth and performance of the company.

The public has been in the habit of relying on these accounts and it has come as a rude shock to a large number of people that the auditors would have no liability, except to the company, even though the audit report was prepared negligently.

The commercial reality is that a great many people rely on the audited accounts to take important decisions but now they should only do so with great caution. What is required is some balance between the excesses of US-style negligence actions and protection for the public.

The formula expounded by Lord Wilberforce in Anns could have catered for this situation.

Lord Wilberforce's formula required foreseeability of harm; proximity between the parties; and that it should be just, fair and reasonable to impose a duty of care.

Applying these principles, the liability of Caparo as a shareholder could have been rejected as a matter of policy on the basis that it would not be just, fair or reasonable for any part of the risks of such speculative decisions by large corporations to be passed on to the auditors. This would have left open the possibility of claims by other shareholders.

The shareholders can now only sue if the auditor's negligent failure to report accurately on the state of the company's finances deprives shareholders, as a body, of the opportunity to exercise their powers in general meeting to call the directors to book, and to ensure that errors in management are corrected. Who is going to tell Sid?

The author is a partner in McKenna & Co.

ACCOUNTANCY APPOINTMENTS

PA to Chairman
Financial Analyst

London — **c.£30,000 + car**

With more than £100 million turnover this year, our client is a PLC which operates principally in the UK property, engineering and distribution sectors. With minimal headquarters staff and a policy of devolving full responsibility to subsidiaries, the company has achieved consistent, profitable growth.

The newly created position of Financial Analyst is an internal consultancy role. Working closely with the Chairman, the Financial Analyst will conduct ad hoc systems reviews, financial and non-financial management audits, as well as manage special projects, some relating to acquisition activity.

The appointee will be a graduate ACA, probably aged under 30, whose experience has extended beyond audit. Key qualities will include independence, resilience, intellect and commercial acumen. Above average computer skills are essential. There must be a willingness to travel extensively in the UK.

Since this position occurs at the centre of a significant, growing group, affording extensive interface with senior management, it is an excellent stepping stone to operational management within the group. Additionally there is a first class rewards package which includes an executive car and share options.

Please send your cv or telephone Nicolas Mabin (01-495 7808) at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB (Fax 01-495 3011) quoting reference F/570/N.

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Group Financial Controller

c.£75,000 + Car + Bonus + Options

This client is a successful and progressive UK plc, with a £1 billion turnover, operating in a number of well defined market sectors through businesses which are international in scope and leaders in size and competitiveness. Organic growth is complemented by a programme of strategic acquisitions on an international scale.

The Financial Controller is a key member of the Group Management team, involved in the top level business decisions and supporting the Board with a very high standard of information and advice. Further development of financial planning, control and reporting is a key task together with provision of leadership throughout the Group in financial and accounting matters.

An exceptional candidate is required who can demonstrate a record of outstanding achievement in a large professional firm and in a substantial industrial or commercial group; or at partner level in the profession. Developed skills and practical experience as a leader and manager are essential. Age guideline 35-40. Location—Central London.

Please apply in confidence quoting Ref.L443 to:—

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Finance Director Designate

West London — **c £35,000 + Car, Share options etc**

A leader in its prestigious niche market, our client's business is expanding quickly both through acquisition and natural growth. Privately owned and with a turnover of £7m, there are plans for further acquisitions and an eventual stock exchange listing.

This is a high profile role. Working with and reporting to the managing director, you will have full responsibility for the funtioning and further development of the management accounting information systems, together with all financial, company secretarial and computer aspects of the business. A practical approach is required to manage the accounting and computer department effectively.

Applicants will be qualified accountants, aged 35 plus and possess experience of managing an active *accounts department in a medium-sized, marketing* led business, possibly in the consumer goods distribution field. Applications must have extensive computer systems experience.

Please write to Michael Ping quoting reference P602 at Grant Thornton Management Consultants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

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HOLLIDAY CHEMICAL HOLDINGS

Holliday Chemical Holdings is a fast growing International Chemical Company formed by management buy out in 1987. The company has turnover of £32m and plans to continue its rapid growth both organically and by acquisition. The dynamic nature of our organisation offers outstanding opportunites for both personal and career development for the high achiever.

FINANCE DIRECTOR,
JAMES ROBINSON LTD.
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Attractive Salary + Bonus + Share Options + Car

James Robinson an operating subsidiary of HCH, is a fast growing highly successful manufacturer of performance chemicals for the textile, cosmetic and photographic industries. Turnover is £11.5m, 85% of which is exported. The Company has an enviable worldwide reputation which has helped sales double in the last three years.

The Company now seeks a young, highly motivated Finance Director to take full responsibility for the accounting and financial control systems and future development.

The ideal candidate will be in their 30's well educated, and have a professional accounting qualification. You must be highly motivated and able to demonstrate a self starting professional approach with a result orientated style. Experience of overseas trading and knowledge of IBM S36 systems would be advantageous, and a proven ability to develop and implement tight business control systems a necessity.

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HOLLIDAY CHEMICAL HOLDINGS PLC
W. YORKSHIRE
Attractive Salary + Bonus + Share Options

Due to continued growth the Holding Company now requires a chartered accountant or MBA, to strengthen its financial and acquisition team.

Reporting to the Group Financial Director the candidate will be involved in corporate finance and acquisitions, treasury management and financial systems development and control.

This is an outstanding opportunity for an intelligent, flexible and entrepreneurial candidate to be involved in the development and expansion of an aggressive, fast growing business.

Both positions carry a competitive salary package and offer the opportunity to join a bright, achievement orientated team.

If you are interested in either of these challenging positions, please write enclosing full CV, including salary expectation, and stating for which position you are applying to: Mrs M. Scott, Associate Director Organisational Development, at the address below.

The closing date for both positions is 16th March, 1990.

HOLLIDAY CHEMICAL HOLDINGS PLC
P.O. BOX B22, LEEDS ROAD, HUDDERSFIELD HD2 1UH TEL: 0484 421841 TELEX: 51433 FAX: 0484 515328

M&G CHIEF TRUSTS ACCOUNTANT

City of London
£45,000 + car + benefits package
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M & G launched Britain's first unit trust in 1931 and has since led the market in many major developments in the investment of personal savings. Its funds are never far from the top of the performance league tables. The Group's profit before tax for the year ended 30th September 1989 amounted to £30 million representing a 30.6% increase over the previous year. The company has approximately 100 staff in London and 580 staff in Chelmsford. They are seeking to recruit a Chief Trusts Accountant to work in London initially but willing to relocate to Essex within two years. This is a key appointment which will attract a full relocation package if necessary. One of the prime tasks will be to develop relationships between the investment managers and the support staff.

Reporting to the Group Finance Director the role will comprise responsibility for 5 key departments, total staff around 30, covering fund accounting and administration, corporate actions, settlements and custodial arrangements, tax and systems development plus quality control and training.

Candidates (male or female) should be able to *demonstrate some years management experience of* an Investment Accounting environment (possibly in a Unit Trust, Bank, Pension Fund or Specialist MCS team environment). The ability to work effectively with Fund Managers and clients, plus control and motivate staff etc. is very important.

If you wish to be considered please submit a full *detailed C.V. to George Ormrod BA (Oxon) or Trevor* Atkinson FCA at Douglas Llambias Associates Limited, 410 Strand, London WC2R ONS, quoting reference no. ASSFT0001.

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CHIEF FINANCIAL OFFICER

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My client is the recently established UK arm of one of America's leading family entertainment businesses. The parent company has experienced spectacular growth in its short history and similar success is anticipated in the UK and the rest of Europe. Group annual revenues already exceed $600 million.

The Chief Financial Officer will play a leading role in future growth decisions and needs to have had top level financial experience with substantial dynamic customer-orientated companies. Candidates will probably have spent a significant period with a major international accounting firm prior to some years in a trading industry, and will be competent in treasury and information processing functions. A key initial task will be the rapid establishment of an adequate finance department.

Please send personal and career details quoting reference FT45, in confidence, to me: Douglas G Mizon FCA, FIMC, Mizon Executive, Arlingham House, St Albans Road, South Mimms, Herts EN6 3PH. Tel: 0707 49246. Fax: 0707 49266.

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In return, you'll receive unrivalled technical and interpersonal skills training and the prospect of excellent career progression. Plus the highly competitive salary and benefits package you'd expect from one of the world's leading firms of management consultants.

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Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 30 April 1990.

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HEAD OF FINANCE

Manchester c.£50,000 + car + major benefits

Our client, one of the North West's largest and most prestigious companies, is about to strengthen its executive team through the appointment of the newly created post of Head of Finance.

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Candidates should be qualified accountants with an impressive track record in financial management at a senior level in the retail/service industries. Ambitious and assertive, with good interpersonal and communication skills, you will be able to *work as part of a closely knit team and will* recognise this position as a major career opportunity to move into general management at the most senior level in the medium term.

If you believe that you have *the drive and* determination to match our client's stringent specifications, please write in confidence with career summary and salary details to Hilary Campbell quoting reference HC/923.

KPMG Peat Marwick McLintock

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7 Tib Lane, Manchester M2 6DS

ACA

26-32 c£37,000 +

Our client,a prestigious multinational,wishes to appoint a Chartered Accountantwith commercial aptitude,able to take on a managerial position within one of the groups operatingsubsiduaries in UK/Europe/USA,within 2 years.

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This is a recently formed company targetted at an emerging major market and supported by substantial equity shareholders. The business will be capital intensive, service industry orientated, and will benefit from a highly competitive cost structure and supply base.

The Treasurer will be the prime finance executive in the business, responsible for an immediate £½billion fund raising and future management of the balance sheet, control of accounting and budgeting, and tax optimisation. A constructive involvement in the economics of the projects is needed with a positive contribution to their enhancement and presentation.

Personal qualities rank higher than specific experience. A creative corporate treasurer/banker is required who combines flair for original thought with the ability to organise others and the drive to gain the initiative and get things done. *An early appointment is sought* so availability is an important issue.

Prospects include a board appointment as Finance Director/Head of Finance.

Location – Central London.

Please apply promptly and in confidence quoting Ref L435 to:–

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Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

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HEAD OF INTERNAL AUDIT

Major British Plc £45,000 – £50,000 + car

This top British industrial manufacturing group is a house-hold name and a major player in world markets. Substantial investment, the introduction of advanced production technology and an emphasis on the highest quality, have resulted in dramatic profit growth for our client over recent years.

In order to keep pace with business developments in an environment of rapid change, a Head of Internal Audit is being sought, whose brief will be to enhance the profile of the audit function, to build a top flight team and to put greater emphasis on an operational audit approach. Reporting to the Group Finance Director and managing over forty staff through four regional managers and a computer audit manager, the successful candidate will be responsible for audit strategy, budgeting and standards and will personally undertake any investigations of a particularly sensitive or complex nature.

Candidates should be chartered accountants with at least five years post qualification audit experience either in a leading professional firm or a major corporate environment. You should be well versed in modern audit techniques as applied to major industrial groups and should have well developed team building skills. Intelligence, strong personal credibility and an innovative commercial approach are also essential.

The role will provide genuine opportunities for career progression and carries a negotiable salary, bonus and prestige car. The group will be flexible as to location. You may choose to work from one of four regional centres in Scotland, Wales, The Midlands or The North-East or in their London Headquarters.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L484.

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EGOR EXECUTIVE SELECTION

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Hanson PLC

Group Financial Accountant

Hanson PLC requires an ambitious Group Financial Accountant to join its small central management team based in London.

Hanson is one of the foremost growth companies of the last two decades and is committed to a continuation of this growth both organically and by acquisition in the UK and the USA where over half the group's businesses are located.

Many of the senior financial and management positions in the group have been filled in the past from members of the central team and the position therefore *offers enormous scope for an ambitious and energetic accountant.*

The successful applicant, male or female, will be a chartered accountant 25-30 with a good academic background. Some industrial experience would be an advantage. A substantial salary will be paid and generous fringe benefits, including car, are available.

Applications should be made to:
Financial Director
HANSON PLC
1 Grosvenor Place
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BUSINESS DEVELOPMENT MANAGER

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Northern Home Counties £40,000 neg + car + benefits

Our client, a major construction materials and building products supplier with a worldwide turnover approaching £1.7bn, has made a major commitment to expansion in the EEC, EFTA and Eastern bloc regions.

In developing and implementing agreed strategies this new role will be responsible for reviewing and investigating strategic options and leading acquisition negotiations where appropriate. The development and maintenance of contact with banks, brokers and economists is essential and involves reviews and recommendations of major capital expenditure proposals (£500k+). Reporting to the General Manager – Corporate Development, there will be an initial seven month group-wide familiarisation period, including a four month overseas tour.

The successful candidate, likely to be in his/her 30s, will be a graduate with an MBA or accounting qualification. However, those with a relevant degree as well as corporate finance experience will also be considered. Personal qualities should include independence, strong communication and persuasive *skills* as well as the motivation of a self-starter.

Interested candidates should send CVs to James Forte, quoting reference FT1992 providing full career and remuneration details, day and home telephone numbers.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

FINANCE DIRECTOR

Chemical Manufacturing Co.

c. £35k + Car North Kent

An influential position where you will be part of the management team responsible for the operation, development, and direction of Dussek Campbell Europe, a company with a turnover of £23m and a successful part of the Speciality Chemicals Division of the Burmah Oil Plc.

This is a diverse role which involves: effective financial management of the company through sound accounting and control procedures; preparation of management accounts and reports; and the design and implementation of integrated finance control and business systems. You will also act as Company Secretary and be responsible for insurance matters.

As Finance Director, you will head up a professional team with full responsibility for their development, performance and motivation.

You will be a member of an internationally recognised accounting body, with at least 10 years' post-qualification experience, *the majority of which will have been gained in manufacturing industry.* You must also have a successful record of developing and installing EDP systems to support manufacturing management.

We can offer you a competitive remuneration package, including the benefits you would expect for a position at this level.

Please write enclosing a c.v. or telephone for an application form to Mrs Jane Read, Personnel Adviser, Burmah Speciality Chemicals Limited, Burmah House, Pipers Way, Swindon, Wilts SN3 1RE. Telephone: 0793 486831.

Dussek Campbell

BURMAH SPECIALITY CHEMICALS

DIRECTOR OF FINANCE

c.£30,000 + Car + Equity Participation

W. London

The company is the UK leader in a niche travel-related market, sales driven, with turnover of £4 million. The management team are currently negotiating a management buy out from the parent company. *This has created an opportunity to join the* management team and to invest in the success of the company on equal terms alongside them. The company has excellent growth prospects and flotation is amongst the medium term options being considered.

The Director of Finance will join the small operating board. Immediate responsibility will include the establishment of *all accounting systems and controls (currently accounting* is handled by the parent) and overall responsibility for all financial/management information. A "hands-on" position, there will, however, be authority to recruit a small team. The job holder will also represent the company externally to Financial Institutions and Regulatory Bodies.

Candidates will be qualified Accountants, aged c. 28-35, *probably* ACA's. An entrepreneurial approach and service orientation are as important as the ability to establish accounting systems and to promote change.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545 or evenings on 01-485 1356. Alternatively, fax your details on 01-836 4942.

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Financial Controller

Cheshire
£24,000 + Car + BUPA + Pension + Other Group Benefits

An outstanding opportunity exists for a qualified Accountant within this leading manufacturer of specialist textiles.

With a broad commercial awareness and a track record in the industry, you will be a key member of this small management team and will provide full financial support. Initially the upgrading of computerised reporting systems will be your *primary* task.

With growing worldwide interests and a strong export market, this is a very exciting role for a young and energetic individual.

First class benefits. Unparalleled prospects.

To apply, please telephone Sophie A Lewis on 061 236 9074 or send full career details to her at LINK Financial Recruitment, Fifth Floor, Bernard House, Piccadilly Plaza, Manchester M1 4DD.

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RECRUITMENT

LONDON AND EAST ANGLIA GROUP FOR GCSE

Executive Secretary

(Finance)

LEAG is one of the five national groups for the GCSE in England and Wales. It consists of three boards; University of London School Examinations Council, the East Anglia Board and the London Regional Examining Board. These boards have decided to merge from 1 April 1990 to form a single board.

LEAG is looking to appoint to the post of Executive Secretary (Finance) a person with considerable experience in the financial management of a small to medium sized organisation who will be expected to recommend policies to secure the financial viability of the Group, to oversee the budgetary, accounting and marketing functions and oversee the provision of internal support services.

Applicants should have a relevant accountancy or company secretary qualifications and good communication skills, both orally and in writing. Salary will be in the region of £26,000 (including London Allowance of £1,767) subject to annual review.

For further information please write to or telephone Miss J A Slater, Personnel Officer (SEB), Stewart House, 32 Russell Square, London WC1B 5DN Telephone 01 636 8000 ext 4530 to whom applications should be returned by Friday 9 March 1990.

Senior Management Analyst

Leading Oil & Gas Company

To £40,000 plus Car — London

Exceptional young professional required to develop and enhance financial management reporting for a large and very active exploration and production company. Excellent longer term career prospects.

THE COMPANY
- Leading operator in North Sea with outstanding reputation for speed, quality and financial strength.
- Major project recently commenced. Very active exploration programme.

THE POSITION
- High-profile troubleshooting role reporting directly to the Finance Director.
- Develop and enhance analysis of financial/operational information.
- Close liaison with Senior Financial and General Management.

QUALIFICATIONS
- Qualified accountant or MBA.
- Well developed financial analytical and interpersonal skills. Good communicator.
- *Experience of upstream oil and gas industry preferable.*

Please reply in writing, enclosing full cv,
Reference BJ0735
**NBS, Bennetts Court, 6 Bennetts Hill,
Birmingham, B2 5ST
(Interviews in London)**

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Jennifer Hudson ext 3607
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Adam Futeran ext 3559
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Financial Services - City based

International Banking Group

c.£40,000 p.a., Plus Car and Banking Benefits

The Hongkong and Shanghai Banking Corporation Ltd, one of the world's leading international banks, has established a small, high-profile team based in London, with responsibility for financial and operational reviews of the Group's worldwide financial services activities, which include Stockbroking, Merchant Banking, Fund Management and Insurance.

The team's work of reviewing and appraising the activities, controls and information systems is designed to ensure control of business risk, reliability of reporting and promote efficiency, and has a wide-ranging influence throughout the Group.

The Bank is seeking a Deputy Head of the department to work with the Head in planning and managing assignments. This is a challenging role which requires a resourceful individual with strong technical and communication skills, and with substantial previous experience in auditing companies in the financial services sector. The successful candidate is likely to be an ACA aged 30 to 35, either operating at senior manager level within one of the major accountancy firms, or someone with extensive relevant experience in a major financial services company. The work involves around 30% overseas travel to the world's major financial centres.

The role provides a high level of exposure to senior management throughout the Group, and offers excellent opportunities for career progression.

Remuneration will be c.£40,000p.a. depending upon experience, with a car, and generous banking fringe benefits including discretionary bonus, mortgage subsidy, non-contributory pension scheme, life assurance and BUPA.

Please write with full career details to:

Mrs Sylvia Keats
Personnel Manager
The Hongkong and Shanghai Banking Corporation Ltd
99 Bishopsgate
London EC2P 2LA

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20 years in Africa, EEC, World Bank and other donor funded development programmes plus commercial organisation. Project management, planning, negotiations. Location immaterial as long as challenging situation with commensurate rewards. Available now for short or long-term assignments.
Write Box A1488, Financial Times, One Southwark Bridge, London SE1 9HL

TAX ACCOUNTANT

Computacenter

WATFORD — **£Negotiable**

COMPUTACENTER is the leading microcomputer systems integrator in the United Kingdom with 1989 turnover in excess of £150 million. Planned growth for the 1990's has created the opportunity for a tax professional to play an active part in the company's continued success.

Whether formally qualified or qualified by experience, you will be responsible for a range of taxation activities including Corporation Tax, Income Tax, VAT, Inland Revenue issues and compliance. Previous experience in a similar role is therefore essential.

This responsible position offers stable career progression and a substantial package for the successful applicant.

For further information contact: Accountancy Personnel, 10 Station Road, Watford, WD1 1EG. Tel: 0923 228332.

YOUNG CHIEF ACCOUNTANT/ FD DESIGNATE

THE TEMPLAR COMPANY PLC

DORKING — PUBLISHING COMPANY — £25,000-£30,000+Car

A newly created position with The Templar Company Plc, a successful Publishing/Design and Marketing Company (current turnover c£3 million) which has recently enjoyed a period of sustained and rapid expansion. If you are innovative, self-motivated and commercially aware, then make the most of an excellent opportunity, as an influential member of a talented management team, to play a major part in the continued profitable development of this fast-moving business.

For further information contact: Accountancy Personnel, 72/74 High St., Guildford, GU1 3HE. Tel: 0483 64692.

ACCOUNTANT/DIRECTOR DESIGNATE

COOPER GAY

ESSEX — £25,000 Negotiable+Car

These established Lloyds Brokers with steady annual growth of c15% have an excellent career opportunity for a young qualified Accountant with the ability to become a Director.

The role will be wide-ranging, with specific responsibilities including production of quarterly Management and Annual Accounts, and full consolidation of UK and overseas subsidiaries.

Applicants should be straight from profession or with 2-3 years' commercial experience. Comprehensive benefits package offered with generous bonus.

Future prospects are excellent, including Directorship and Equity acquisition.

For further information contact: Accountancy Personnel, New Cranbrook House, 61 Cranbrook Road, Ilford, IG1 4PG. Tel: 01-478 7725.

REGIONAL ACCOUNTANT

COUNTRYWIDE

ESSEX — £24,000+Car+Benefits

Countrywide Surveyors are an expanding subsidiary of Hambro Countrywide Plc, one of the UK's leading financial services/estate agency groups. An excellent career opportunity has now arisen for a Qualified Accountant to join the company.

He/She will be responsible for the production of management and financial accounting information for the company's largest region, and as a member of the regional management board will offer advice and guidance to the area's offices.

Applicants should be Qualified with good systems knowledge and be able to liaise effectively at all levels. Future prospects are excellent for the right person.

For further information contact: Accountancy Personnel, New Cranbrook House, 61 Cranbrook Road, Ilford, IG1 4PG. Tel: 01-478 7725.

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A HAYS PERSONNEL SERVICES LIMITED COMPANY

FINANCIAL CONTROLLER

City — *£35,000 + Bank Benefits + Car*

Qualified accountant, aged 28-37, is sought by an International Bank to manage, motivate and develop the finance department. You will also be involved in a variety of systems and management information projects.
Ref: 133341/hkm

MANAGEMENT CONSULTANT

London — *to £35,000 + Car*

Leading international consultancy seeks qualified accountant, aged 27-35, to join their rapidly expanding UK operations. With a solid track record to date, you will be keen to use your experience of systems development in a competitive environment.
Ref: 133493/csm

PROJECT ANALYST

West End — *£26,000 + Car*

An excellent opportunity in a major oil company for a young qualified accountant to take responsibility for the production of new project appraisals and the integration of modelling systems required to produce realistic forecasts.
Ref: 134741/iaw

For further information contact
MANAGEMENT PERSONNEL
25 City Road, London EC1Y 1AA
Tel: 01 256 5041 (24 hours)
Fax: 01 374 8848

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FINANCIAL ACCOUNTANT

Build your career where professionalism counts

£30k package + car

Healey & Baker has built an international reputation in Real Estate Consultancy based on its active daily involvement in the world's property market.

One of the many ingredients of this success is an efficient financial accounting base.

As Financial Accountant, you will be at the hub of our expansion throughout the 1990s — using your skill to maintain and enhance the effectiveness of a Finance operation that supports all our activities in Real Estate Consultancy.

To this end you will help manage a small finance team; assist in the control of budgets and cashflow; maintain ledgers for various partnership companies; assist in implementing a new computerised accounting system; liaise with Auditors and Partners on a variety of financial matters and much more besides.

Ideally you should have experience of both Partnership and Property Accounting and preferably be ACA, ACCA, or ACMA qualified.

Why not find out more about this key accounting role — and the superb rewards that go with it — by contacting Bob Gunning, quoting reference 143/JRG/90 at: Austin Knight Selection, 20 Soho Square, London W1A 1DS. *Alternatively, you can telephone him* on 01-439 5745 (01-494 1093 evenings/weekends).

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BRITISH BAKERIES — RHM

Operations Accountant

Windsor — **£Neg + Car**

British Bakeries, a major division of Ranks Hovis McDougall Plc has a turnover in excess of £1½ billion from a wide range of prestigious brand names.

Based at Head Office, this high profile role will provide the opportunity for a commercially-aware accountant to gain exposure to a wide variety of challenges, including:–

* Budget preparation * profit forecasts * capital appraisals * proposal/review of business plans * ad-hoc projects * liaison with senior management and Directors.

The ideal candidate will be a young (aged 22-27), enthusiastic and recently qualified accountant with good technical and communication skills and a sound academic background. Experience in a large multi-site company would be an advantage.

An attractive benefits package is on offer, along with a real opportunity for you to progress your career.

To apply, please telephone Tina Shortman on (0753) 856151 or write to her enclosing a CV to Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks. SL4 6BW.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCIAL CONTROLLER - LUXEMBOURG

EXCELLENT SALARY + 2 LITRE CAR

High-tech manufacturing with the accent on French

We are a leading US multinational manufacturer of electrical and electronic components with a $550m turnover. Our state-of-the-art production facility in Foetz has grown considerably since opening in 1982, and has made a significant contribution to the success of our major European product lines.

We need a *qualified Accountant* to play an important role in supporting the plant's developing management team. You should have experience of US reporting systems, be *commercially aware, proactive, fluent in French* and English and have gained experience in a manufacturing environment.

Non-contributory pension and Life Assurance are part of a substantial benefits package.

Please send your CV to: Daniel Poirier, Human Resources Manager, Thomas and Betts/OEC, 5 rue de la Fauvette 1 .BP38, 95012 ARGENTEUIL CEDEX, FRANCE.

Thomas&Betts

YOUNG FINANCE PROFESSIONAL

– Internal Consultant for dynamic UK Group

North Yorkshire Base — **c£30,000 + Car**

Our client is a substantial public Group, which has recently redefined its corporate goals and set a new course to meet the demands of the 1990's. Driven by the enlightened management philosophy of a new, young Board, its current expansion programme involves the development of several high-margin, high-tech businesses, together with an active acquisition policy.

Liaising closely with the Group Finance Director, your initial brief will encompass the review of business plans and reporting systems throughout the Group, leading to the definition of a comprehensive corporate strategy. As targeted companies are acquired, your attention will then focus upon incorporating them successfully into the Group. This could involve short-term secondments into controllership positions.

Candidates for this challenging role will be young, qualified accountants with very strong commercial instincts, and well-developed financial management skills. You will be creative and resourceful in your working style and enjoy the stimulus of non-routine assignments. Travel in the UK and overseas will require a degree of personal mobility; an additional language may be an advantage.

The breadth of experience to be gained here is excellent, and will be a springboard for a senior line role when you have proved yourself.

Please apply to Jackie Hardisty at our Leeds Office. Ref No. LD184.

ASB
Quebec House, Quebec Street,
Leeds LS1 2HA. Tel: 0532-446611
Fax: 0532-446140

Also at: Birmingham, Liverpool, Manchester, Nottingham and Swindon

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GROUP ACCOUNTANT – LONDON BASED

To £33K Package + Car

Aged 27-35.
Qualified Chartered Accountant, minimum 2 years commercial experience (ideally gained in a distribution organisation).

Our client, a fast expanding Plc with several operating companies in the group, requires a Group Accountant with a track record in managing people and producing high quality financial information. Reporting to the Financial Director, the role includes supervising the accounts team, preparation and presentation of regular management information and enhancing control systems. A full working knowledge of computerised accounting systems is required, as the successful candidate will have a major part to play in setting up, and making best use of, the Group's new system.

Interested applicants should write, with full C.V., to:-
Robert Mowbray, MacIntyre Advisory Services Ltd.,
Ashley House, 18/20 George Street, Richmond, Surrey TW9 1HD

MACINTYRE ADVISORY SERVICES LTD
TRAINING AND RECRUITMENT CONSULTANTS

Group Finance Director

Property Development Plc — North of England

Circa £70,000 + Share Options

Our client, a successful and rapidly expanding Plc involved primarily with commercial and industrial property development and operating throughout the country, now has a requirement for a Group Finance Director.

Reporting to and working closely with the Chairman and managing a small high calibre department, you will be required to control and direct the Group's finance function. The emphasis of the role will be on Group financing policy and practice together with the structuring and negotiation of property development, joint venture and project financing deals. You will also take a lead role in assessing the financial viability of proposed developments.

You will probably be aged between 30 and 40, a qualified accountant or banker with a degree or MBA from a major University. Your current position will be at a senior level in commerce, the profession, or in the corporate finance department of a merchant bank. You must be highly motivated, possess good liaison and negotiating skills with strong commercial and judgemental qualities. In addition you must be a forceful energetic self starter comfortable in a 'hands on' situation.

This is the key appointment with this Group and therefore career development prospects are exceptional. The position offers the genuine opportunity to make substantial financial gain in the years ahead.

If you are interested, please telephone Stuart Adamson FCA on 0532 451212 or send your CV, in confidence, quoting reference CRL, to Adamson & Partners Ltd, 2 Duke Street, St James's, London SW1Y 6BJ. Fax number 0532 420802.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

FINANCIAL SERVICES

FINANCE AND ADMINISTRATION DIRECTOR

London based — up to £45K + car

A company within one of the world's leading international insurance broking, risk management and financial services groups, is seeking a Finance and Administration Director to direct the commercial and administrative activities of UK general insurance business. This consists of 15 regional offices with 500 employees handling a premium turnover of £150 m.

The Finance and Administration Director will co-ordinate business plan and budget production, monitor financial and operational performance and review operational systems and procedures.

Candidates should be of graduate calibre, preferably with a formal accountancy qualification, with at least 3 years' experience in a similar commercial role. They will need to be energetic, self-reliant individuals with a pro-active approach to achieving results and with the stature, personal authority and communication skills to influence both management and staff.

Rewards are high. The opportunity is there to provide real added value to strategy formulation and development of the business.

Please write with full CV, stating any companies to whom your details should not be forwarded, to:-

Reference: 1048, RHB Management Services Limited, 25 Villiers Street, London WC2N 6ND.

RHB

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01-873 3000
Jennifer Hudson ext 3607
Richard Huggins ext 3460
Adam Futeran ext 3559
Stewart Maddock ext 3392

FINANCE MANAGER

A Greenfield challenge for a qualified accountant to be part of the major force in semiconductors

To £30K, with package including car and relocation. Basingstoke, Hants.

A world top twenty manufacturer and distributor of high-quality components, Sony Semiconductors has a global turnover of over $1 billion and world headquarters in Tokyo.

Sony Semiconductors Europe contributes at least 20% to the business – and, according to the long-term business plan, will still be doing so by the end of the 90's, by which time corporate business will have increased ten-fold.

In gearing up for this major growth we are establishing our new European headquarters in Basingstoke. Our target is to double our already impressive turnover in the next 2 years.

These figures will be of particular interest to the Finance Manager we're seeking to join the senior management team. The organisation and development of the company's financial and administrative functions will be in your hands, as will the subsequent management of all accounting, reporting, management information, systems and treasury issues. Initially you'll need to build and manage a small finance team. Then there is the key challenge of systems implementation; here you will have the advantage of building on systems already developed within the Sony Group. In addition there will be a wide range of general business management tasks to be tackled, particularly at the beginning stages of this new venture.

This is a stimulating challenge which calls for a 'shirt-sleeve' approach, a decisive mind and ideally a background within a multi-national company involving international reporting and systems implementation. The commercial implications of the European single market will be very much to the fore and business acumen is essential. In fact, we will be looking upon you as a key member of the management team.

Will you accept the challenge? Then please write with your cv to: Pat Dyer, Personnel Department, Sony Broadcast & Communications, Jays Close, Viables, Basingstoke, Hants RG22 4SB.

SONY.

Sony Broadcast &Communications

GROUP MANAGMENT ACCOUNTANT

CENTRAL LONDON — £30K + Car + EXC. BENEFITS

Our client is a major Transport/Engineering organisation based in central London. As part of upgrading its financial analysis for the Board, they require a bright and enthusiastic young accountant to report to the Group Budget Controller, with the ability to communicate effectively at senior levels.

The main duties would be to consolidate the monthly management accounts for 4 divisions and 5 subsidiary companies. Equally important is the consolidation of budgets for all operating units and the monitoring of a 3-5 year rolling plan. The preparation of 'ad-hoc' statistical data for senior management will also be required. To complete the above mentioned duties you would have a support staff of 5.

The required applicant, a qualified accountant with a good management accounting background must have a good knowledge of various spreadsheet techniques.

Should you be interested in the above vacancy, would you please reply in the first instance enclosing a c.v. to:- Fox Valentine Ltd, 25 Bedford Row, London WC1R 4HE. Tel: 01-242 1916 Ref: KP 0011

FOX VALENTINE LTD
Recruitment Consultants

Finance Director

Excellent salary & share options
London SW18

Dolphin Displays, part of Dolphin Media Ltd, a rapidly growing media services group, designs, manufactures and installs a range of corporate signage. Current customers include some of the top retail and motor trade names in the country. The company's management team is being strengthened prior to the launch of an acquisition programme, hence the need for a Finance Director.

Reporting to the Managing Director, the Finance Director will take full responsibility for the financial administration of the company. This includes driving the policy and strategic planning processes of the company, all aspects of acquisitions, developing computer based operational systems and, most importantly, being a key member of the senior management team.

Applicants should be qualified accountants, in the age range 27-40, with strong technical and well developed commercial and management skills. We would prefer you to have had experience within a marketing led manufacturing company, be able to demonstrate well tuned decision making and analytical skills and be able to cope with the high demands of rapid change and growth.

The attractive package has, as its base, a salary of c £32,000, a performance related bonus, pension, BUPA, fully expensed executive car and a share option sheme. Please write, enclosing a comprehensive CV to:

Michael Moore Esq
Group Finance Director
Dolphin Media Limited
West End House
37 Chapel Street
London NW1 5DP

media

PA TO FINANCE DIRECTOR

CITY

C.£27,000 + CAR + BONUS

A strategically planned broadening of their business base beyond original financial services origins into consultancy, management and computer services has enabled my clients to achieve growth, profitability and the sort of reputation that is the envy of their peers. During the 80's they have grown to a strength of 500 staff and what has set them apart is a clear set of corporate goals and the quality of their management. They now wish to add to their head office staff by appointing a young qualified accountant who is not interested in routine but can work closely with a Finance Director on a broad range of tasks.

This position has been a route to senior management in the group and previous incumbents have carried out tasks relating to development of treasury systems, working on joint ventures with overseas partners, preparing marketing plans and improving use of computers. However, the precise nature of the projects undertaken will reflect the current activities of the group making it a role at the heart of their groups activities. Some 2-3 overseas trips of short duration will be expected each year.

Key qualities required are a lively intellect and an ability to pick up topics quickly. Promotional opportunities are not limited solely to the finance function reflecting the broad nature of the role.

Interested candidates should contact Gordon Montgomery telephone on 01-629 8863, fax 01-408 0961 or write to him at the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 01-629 8863

Financial Controller

CHESHIRE · CIRCA £27,500 PLUS CAR

Wickland Westcott is a well established Human Resource Consultancy providing tailor-made search, selection and management development solutions to an excellent range of clients. We have billings of over £4 million, 45 staff and have just completed a Management Buy-Out.

This new role, reporting to the Managing Director, will strengthen the infrastructure of the Company and underpin the high quality professional service that we deliver to our clients. It is a broad-based financial, commercial and administrative position, although initial emphasis will be placed on providing additional management information to optimise the planning, control and profitability of the business. There will also be accountability for the PC network, therefore the ability to develop systems and spreadsheet packages is essential.

Qualified candidates should be commercially aware with good financial accounting experience, ideally gained within the professional and service sectors. Good communication and persuasive skills should be backed by a very flexible and mature approach to all facets of our fast paced business.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1644/FT.

WICKLAND WESTCOTT
HUMAN RESOURCE CONSULTANTS
Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446

FINANCE & COMMERCIAL DIRECTOR

East Midlands International Airport

Salary up to £38,520 plus car

Applications are sought for this position from qualified Accountants, with financial and business planning experience in an operational environment, and ideally with experience and/or a keen interest in Commercial Development and Marketing. We seek an outgoing, socially confident individual who is able to contribute to the strategic management of the business.

The post-holder will be responsible to the Managing Director and the Board for the financial and commercial affairs of the Company and will be expected to take a leading role in the development and implementation of marketing strategy. He/she will take direct responsibility for the overall supervision and direction of the Finance, Commercial Development and Marketing Divisions.

Application form and further details available from the Personnel Officer, East Midlands International Airport plc, East Midlands Airport, Castle Donington, Derby. DE7 2SA (0332/852807).

Closing date for application is 7th March 1990.

ROUGH TRADE LIMITED

ASSISTANT FINANCIAL CONTROLLER

£22,500 - £27,000

We are the largest independent Record and Distribution Group, and our continued growth has created the need for an Assistant Financial Controller with the Central Services Division.

You will manage the day to day operation of the Finance Department of 30 staff, and ensure that a high quality financial service is provided to all U.K. divisions. This includes accounting, customer services, label services and royalty processing.

You should preferably be qualified, with experience of supervising staff. You will need good organisational skills and be able to work accurately under pressure.

Applications, in the form of c.v., to:

The Personnel Department,
Rough Trade Limited,
61, Collier Street,
London.
N1 9BE

ROUGH TRADE GROUP

Closing Date: 5th March 1990

COMPANY ACCOUNTANT

CENTRAL LONDON — CIRCA #27,000

Our client, a recently established commercial property company, operates a small core management team at corporate headquarters. They now wish to appoint a Company Accountant. Responsibilities will include the effective financial management of its global operations and administration of their head office.

We are looking for a highly motivated, self-starter with a mature approach to his/her responsibilities. Essentially you should be 25-40, qualified, with a sound background in both financial and management accountancy and you will have had post-qualification experience within a commercial environment, preferably dealing in commercial property. It is essential that the successful candidate be capable of communicating at all levels.

Candidates should telephone or write to Mr S A Leslie quoting reference SL7 16J

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Tel: (01) 228 1103

UPS EXECUTIVE SEARCH & SELECTION

BUSINESS ANALYST

INTERNATIONAL ADVERTISING AGENCY

£25,000 + 15% Bonus

Exciting opportunity to join this well known advertising agency as their Business Analyst reporting directly to the Corporate Financial Controller. This challenging position offers direct responsibility for preparation and development of various systems manuals; execution of procedures audits throughout the group and post acquisition management of new subsidiaries.

The company has offices worldwide and, therefore, overseas travel is an essential part of this post.

We would like to hear from interested candidates who are qualified accountants with proven ability in written and oral reports, some knowledge of main frame and PC compters and who are able to travel internationally.

Reply to us quoting reference No. 19213

HAZELL STATON
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